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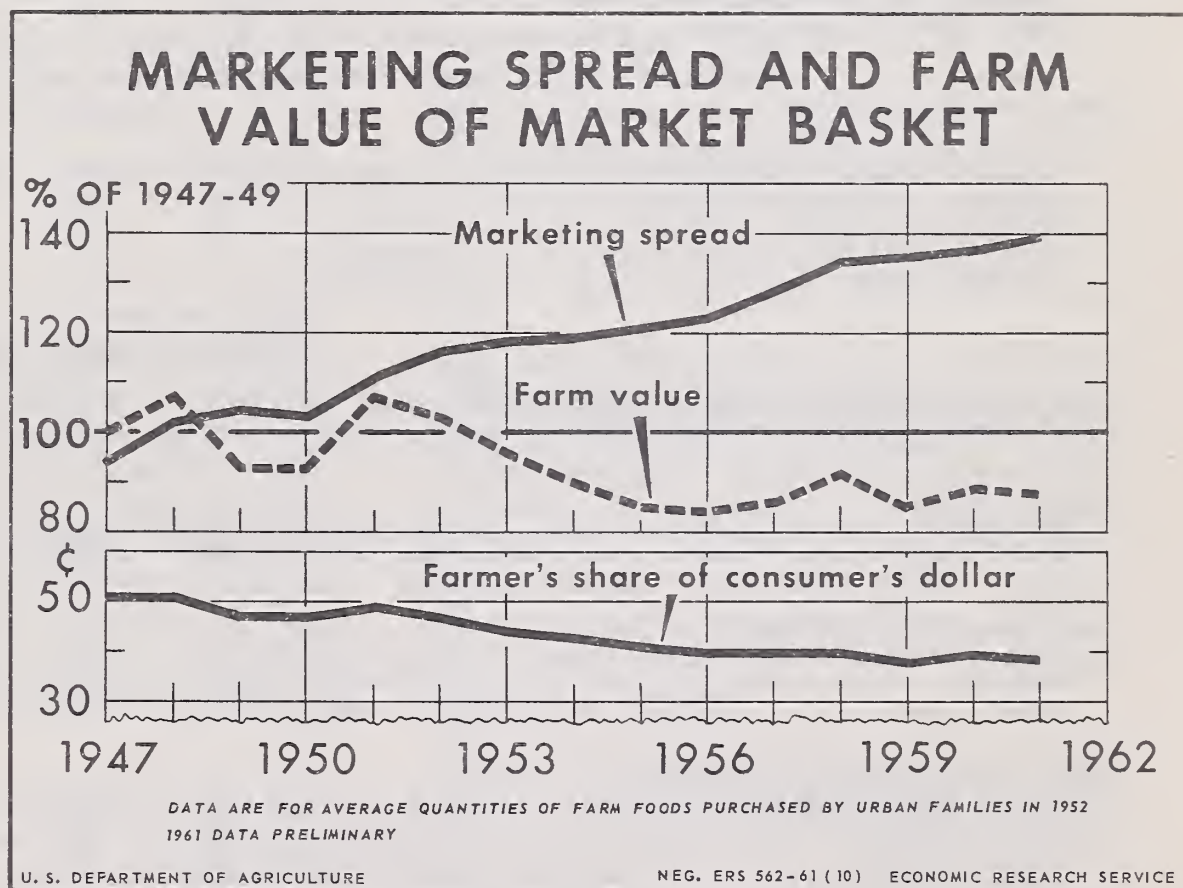
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The MARKETING and TRANSPORTATION SITUATION

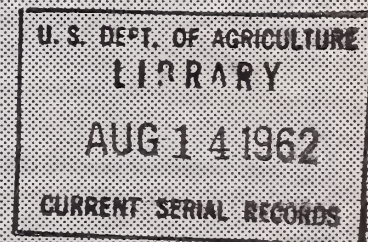
Charges for marketing the farm foods in the family market basket are expected to average between 2 and 3 percent higher in 1961 than in 1960. This rate of increase is about average for the period since 1950. Present indications point to a slightly smaller rise next year. Marketing firms' costs have risen in past years more or less in line with marketing charges. The farm value, or returns to farmers for the farm products equivalent to the foods in the market basket, will average about the same this year as in 1960, and little change is expected in 1962. The farmer's share of the dollar consumers spend for farm foods decreased to 38 cents this year, from 39 cents in 1960.



IN THIS ISSUE

Competition in Transport Industries

Food Distribution Programs



STATISTICAL SUMMARY OF MARKET INFORMATION

| Item | Unit or base period | 1960 | | 1961 | | |
|--|------------------------|-------|------------|-----------|-----------|------------|
| | | Year | July-Sept. | Jan.-Mar. | Apr.-June | July-Sept. |
| <u>Farm-to-retail price spreads 1/</u> | | | | | | |
| Farm-food market basket: | | | | | | |
| Retail cost | Dol. | 1,052 | 1,058 | 1,068 | 1,062 | 1,061 |
| Farm value | Dol. | 408 | 403 | 419 | 399 | 401 |
| Farm-retail spread | Dol. | 644 | 655 | 649 | 663 | 660 |
| Farmer's share of retail cost | Pct. | 39 | 38 | 39 | 38 | 38 |
| Cotton: 2/ | | | | | | |
| Retail cost | Dol. | 2.17 | 2.18 | 2.19 | 2.18 | 2.19 |
| Farm value | Dol. | .30 | .29 | .29 | .31 | .32 |
| Farm-retail spread | Dol. | 1.87 | 1.89 | 1.90 | 1.87 | 1.87 |
| Farmer's share of retail cost | Pct. | 14 | 13 | 13 | 14 | 15 |
| Cigarettes: 3/ | | | | | | |
| Retail cost | Ct. | 27.2 | --- | --- | --- | --- |
| Farm value | Ct. | 4.02 | --- | --- | --- | --- |
| Federal and State excise taxes | Ct. | 12.7 | --- | --- | --- | --- |
| Farm-retail spread excluding excise taxes | Ct. | 10.5 | --- | --- | --- | --- |
| Farmer's share of retail cost | Pct. | 15 | --- | --- | --- | --- |
| <u>General economic indicators</u> | | | | | | |
| Consumers' per capita income and expenditures: 4/ | | | | | | |
| Disposable personal income | Dol. | 1,947 | 1,957 | 1,940 | 1,974 | 1,998 |
| Expenditures for goods and services | Dol. | 1,820 | 1,821 | 1,811 | 1,834 | 1,858 |
| Expenditures for food | Dol. | 389 | 387 | 389 | 390 | --- |
| Expenditures for food as percentage of disposable income | Pct. | 20.0 | 19.8 | 20.1 | 19.8 | --- |
| | | 1960 | | 1961 | | |
| | | Year | Sept. | July | Aug. | Sept. |
| Hourly earnings, production workers, manufacturing: 5/ | Dol. | 2.29 | 2.30 | 2.35 | 2.34 | 2.34 |
| Hourly earnings of food marketing employees 6/ | Dol. | 2.14 | 2.13 | 2.21 | 2.19 | --- |
| Retail sales: 7/ | | | | | | |
| Food stores | Mil. dol. | 4,485 | 4,456 | 4,610 | 4,684 | 4,633 |
| Apparel stores | Mil. dol. | 1,142 | 1,134 | 1,118 | 1,177 | 1,101 |
| Manufacturers' inventories: 7/ | | | | | | |
| Food and beverage | Bil. dol. | 4.98 | 4.98 | 5.09 | 5.12 | 5.15 |
| Textile | Bil. dol. | 2.67 | 2.64 | 2.75 | 2.74 | 2.74 |
| Tobacco | Bil. dol. | 2.03 | 2.00 | 1.96 | 2.00 | 2.04 |
| Indexes of industrial production: 8/ | | | | | | |
| Food and beverage manufactures | 1957=100 | 109 | 109 | 114 | 115 | --- |
| Textile mill products | 1957=100 | 109 | 106 | 115 | 116 | --- |
| Apparel products | 1957=100 | 124 | 122 | 127 | 131 | --- |
| Tobacco products | 1957=100 | 114 | 114 | 110 | --- | --- |
| Index of physical volume of farm marketings | 1947-49=100: | 133 | 156 | 131 | 141 | 151 |
| <u>Price indexes</u> | | | | | | |
| Consumer price index 5/ | 1947-49=100: | 126.5 | 126.8 | 128.1 | 128.0 | 128.3 |
| Wholesale prices of food 5/ | 1947-49=100: | 106.0 | 106.6 | 105.6 | 105.8 | 105.4 |
| Wholesale prices of cotton products 5/ | 1947-49=100: | 94.2 | 93.4 | 89.7 | 90.4 | 91.0 |
| Wholesale prices of woolen products 5/ | 1947-49=100: | 102.1 | 101.2 | 101.2 | 101.7 | 101.8 |
| Prices received by farmers 2/ | 1947-49=100: | 88 | 88 | 87 | 89 | 89 |
| Prices paid by farmers 2/ | 1947-49=100: | 115 | 114 | 115 | 115 | 115 |

1/ Average quantities of farm food products purchased per wage-earner or clerical-worker family in 1952. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Preliminary data for package of regular-sized, popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for fiscal year beginning July 1, 1960. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Third quarter 1961 data are from preliminary estimates by the Council of Economic Advisers. 5/ Dept. Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 7/ Seasonally adjusted, Dept. Commerce. Sales data for 1960 are averages of monthly totals. Inventory data for 1960 are book values at end of year. 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, November 9, 1961

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SUMMARY

Charges for marketing farm food products probably will average 1 or 2 percent higher per unit of product in 1962 than in 1961 with little change expected in prices farmers receive for these products. Retail prices will rise slightly. With retail prices and marketing charges rising, the farmer's share of the consumer's farm food dollar may drop to 37 cents in 1962, down from 38 cents anticipated for this year.

In the third quarter of this year, charges for marketing food products originating on U. S. farms averaged 1 percent higher than a year earlier--the same percentage increase that occurred from the third quarter of 1959 to the third quarter last year. Prices farmers received for these products in the third quarter this year were down 1 percent from July-September 1960. Retail prices of farm food products during this period averaged about the same as a year earlier. Farmers received 38 cents of the consumer's farm food dollar.

Costs incurred by marketing firms probably will go up a little next year from 1961. Average hourly earnings are likely to continue rising, but improve-

ments in output per man-hour should keep unit labor costs from rising as much as wages and salaries. Any significant rise in transportation costs seems unlikely. But costs of supplies and other goods and services marketing firms buy may average higher than this year. Depreciation charges will be higher, and in most areas State and local taxes and rents will increase.

Total net profits of firms manufacturing food and kindred products were higher in the first half of this year than in the same period last year. But profits of firms manufacturing textile mill products and apparel and other finished textiles were down sharply this year. First-half year profits for 17 leading retail food chains were about the same this year as in 1960, though sales were up slightly.

Farmers probably will market a 2 percent larger volume of products this year than the record volume marketed in 1960. The volume of crops marketed this year has been about the same, but marketings of livestock and livestock products have been larger. Marketings next year should approximate this year's large volume.

Consumer income per person is expected to increase again next year. Expenditures for food and clothing will continue at a high level, though percentages of disposable income spent for these items may decrease slightly, as they did this year.

Highlights of Special Articles

1. Competition in transportation industries has increased, both between different modes of common carriers and between common carriers and other carriers. Common carriers are experimenting with lower rates both as a weapon against competing common carriers and as a method of holding traffic that might be moved privately. Transportation companies can be expected to concentrate their efforts in the future on attracting more traffic rather than on raising rates to improve their earning position. These conditions promise lower relative if not absolute transportation costs for farmers. There is controversy in Congress over the "rule of rate making" adopted in the Transportation Act of 1958. Trucking interests are trying to get the section amended to make it harder for

their rail competitors to lower charges on competitive traffic. The controversy over the proper limits of rail piggyback rights is making its way through the regulatory processes of the Interstate Commerce Commission. (Competition in the Transport Industries - A Review and Prospects, pp. 18-21.)

2. More than 90 million children and needy persons in the United States and in 100 foreign nations are sharing our agricultural abundance through public food distribution programs. These programs serve the dual purpose of expanding demand for foods and conserving human resources through better nutrition. They are of two basic types--those distributing Federally donated foods and others providing funds for local food purchases. Commodity distribution programs utilize existing food abundance. Fund distribution efforts permit participants to increase consumption of foods such as milk, meats, and poultry, which require the use of more agricultural resources per unit of production. Each contributes in its own way to the fuller utilization of our agricultural capacity. (Utilization of Agricultural Resources Through Public Food Distribution Programs, pp. 22-28.)

THE OUTLOOK FOR MARKETING SERVICES

The outlook is for continued growth in services involved in marketing farm products. A large volume of farm products has been assembled, processed and distributed to consumers in 1961; another large marketing volume is in prospect for 1962. The growing population and an increase in consumer incomes will swell the demand for marketing services. These developments probably will be reflected in increased sales by companies marketing products originating on farms. Investments to maintain the adequacy of facilities for marketing farm products have continued at a high level.

Personal disposable income per capita in the first three quarters this year was higher than a year earlier. According to preliminary estimates by the Council

of Economic Advisors, per capita disposable income rose to an annual rate of \$1,998 in the third quarter this year, up 2 percent from July-September 1960. (See table on p. 2.) However, increases in prices held the gain in consumer purchasing power per capita down to 1 percent. Disposable income per capita is expected to average higher in 1962 than in 1961. This gain probably will be accompanied by a gradual increase in consumer prices.

Consumers spent \$390 (annual rate) per person for food in the second quarter (the latest period for which data are available), about the same as in the second quarter last year. Expenditures for clothing and shoes averaged \$151 (annual rate) per person in the second

quarter, down 4 percent from a year earlier. Expenditures for food represented 19.8 percent of consumer disposable income in the second quarter this year and expenditures for clothing and shoes, 7.6 percent. These percentages, which were smaller than in the second quarter last year, have trended downward in recent years.

The production of foods and beverages and of tobacco products, as measured by the Federal Reserve Index of Industrial Production, was slightly larger during the first 8 months of this year than in the like period of 1960. Sales by firms manufacturing these products also were up this year. Output of textile mill products and apparel was slightly smaller this year, and sales of textile manufacturing firms were down. Book values of inventories held by firms manufacturing foods and beverages, tobacco products, and textiles were higher at the end of September than on the same date in 1960.

Dollar sales of retail food stores in the first 9 months of 1961 totaled 3 percent higher than in the same period last year. Part of this increase resulted from higher prices and the growth in population, particularly the nonfarm population, and part probably resulted from increasing sales of nonfood articles in supermarkets. Grocery stores belonging to companies operating 11 or more stores had 44 percent of total grocery store sales in 1961, the same proportion as in the preceding year.

Marketings of farm products this year are expected to total about 2 percent larger than last year's record volume. During the first three quarters, marketings averaged 122 (1947-49=100) this year compared with 120 in 1960. Farmers marketed about the same volume of crops this year, but larger marketings of livestock and livestock products. Farm output in 1961 probably will be about as large as last year's record, with a reduced production of crops offset by an increased output of meat animals, dairy products, poultry and eggs. Farmers' marketings next year should continue at near the 1961 level.

Investments in plant and equipment by firms manufacturing foods and beverages are expected to total \$980 million in 1961, according to surveys conducted by the Department of Commerce and the Securities and Exchange Commission. This would be the largest annual investment since 1948. In dollars of constant purchasing power, it would be the largest since 1953. Plant and equipment outlays made or to be made in 1961 by textile manufacturing firms amounted to \$510 million, down from \$530 million last year. Investments by railroads are off sharply from last year. Investments by other transportation firms are expected to be down slightly. Trade reports indicate that investment in food retailing facilities have held up in recent years. One association reported that in 1960 remodeling accounted for a larger part of outlays for facilities than in earlier years.

COSTS AND PROFITS IN MARKETING FARM PRODUCTS

Labor Costs

Average hourly earnings of employees in food marketing establishments continued to increase in 1961. The average decreased slightly last summer; but at \$2.19 in August, it was 6 cents higher than in the same month of 1960 (table 1). A slight dip in the average usually occurs during the summer because the proportion of lower-paid workers increases season-

ally. The dip this year, however, was deeper than usual. Before the average turned down in May, it was 8 cents higher than a year earlier. This increase was about the same as the May-to-May increase in other recent years. Average hourly earnings were up in food processing plants, wholesaling establishments, and retail food stores.

Table 1.--Average hourly earnings of employees of firms marketing food, tobacco and textile products, 1939 and 1950-61

| Year and month | Food marketing 1/ | Tobacco manufacturers 2/ | Textile-mill product 2/ | Apparel and other finished textile products 2/ | Retail apparel and accessories stores 2/ |
|----------------|----------------------|-----------------------------|----------------------------|---|---|
| | Dollars | Dollars | Dollars | Dollars | Dollars |
| 1939 | 0.60 | 3/ 0.48 | 3/ 0.46 | --- | 0.56 |
| 1950 | 1.34 | 1.07 | 1.24 | 3/ 1.20 | 1.12 |
| 1951 | 1.43 | 1.13 | 1.33 | 1.29 | 1.17 |
| 1952 | 1.51 | 1.17 | 1.36 | 1.30 | 1.22 |
| 1953 | 1.60 | 1.24 | 1.37 | 1.33 | 1.27 |
| 1954 | 1.66 | 1.30 | 1.36 | 1.35 | 1.31 |
| 1955 | 1.73 | 1.33 | 1.39 | 1.35 | 1.33 |
| 1956 | 1.81 | 1.45 | 1.45 | 1.45 | 1.37 |
| 1957 | 1.90 | 1.52 | 1.50 | 1.49 | 1.42 |
| 1958 | 1.98 | 1.60 | 1.51 | 1.51 | 1.46 |
| 1959 | 2.06 | 1.66 | 1.57 | 1.52 | 1.50 |
| 1960 | 2.14 | 1.72 | 1.62 | 1.56 | 1.53 |
| 1960 | | | | | |
| Jan. | 2.12 | 1.72 | 1.60 | 1.54 | 1.53 |
| Feb. | 2.12 | 1.70 | 1.60 | 1.55 | 1.51 |
| Mar. | 2.13 | 1.72 | 1.62 | 1.56 | 1.50 |
| Apr. | 2.13 | 1.80 | 1.61 | 1.53 | 1.55 |
| May | 2.14 | 1.80 | 1.63 | 1.54 | 1.53 |
| June | 2.14 | 1.82 | 1.63 | 1.54 | 1.54 |
| July | 2.14 | 1.82 | 1.62 | 1.55 | 1.52 |
| Aug. | 2.13 | 1.71 | 1.62 | 1.57 | 1.50 |
| Sept. | 2.13 | 1.57 | 1.62 | 1.58 | 1.53 |
| Oct. | 2.15 | 1.61 | 1.63 | 1.59 | 1.54 |
| Nov. | 2.17 | 1.74 | 1.62 | 1.58 | 1.54 |
| Dec. | 2.17 | 1.78 | 1.62 | 1.57 | 1.54 |
| 1961 | | | | | |
| Jan. | 2.20 | 1.76 | 1.62 | 1.59 | 1.59 |
| Feb. | 2.20 | 1.79 | 1.63 | 1.59 | 1.57 |
| Mar. | 2.20 | 1.81 | 1.63 | 1.60 | 1.55 |
| Apr. | 2.21 | 1.88 | 1.64 | 1.59 | 1.57 |
| May | 2.22 | 1.89 | 1.64 | 1.58 | 1.58 |
| June | 2.21 | 1.90 | 1.64 | 1.58 | 1.59 |
| July | 2.21 | 1.88 | 1.64 | 1.59 | 1.59 |
| Aug. | 2.19 | 1.76 | 1.64 | 1.61 | 1.58 |
| Sept. | --- | 1.66 | 1.65 | 1.63 | --- |

1/ Weighted composite earnings in food processing and wholesale and retail food trades calculated by the Agr. Mktg. Serv. from data of the U.S. Dept. of Labor. 2/ U.S. Dept. of Labor. 3/ Not strictly comparable with data for later years.

Average hourly earnings of tobacco manufacturing employees, like those of food marketing workers, decline seasonally. In June of this year, the month before the seasonal decline, the average was \$1.90, compared with \$1.82 a year earlier.

Earnings of employees in plants manufacturing textile products and apparel averaged a little higher this year than last. Hourly earnings of employees of retail apparel and accessory stores were up 5 percent from August 1960.

Hourly earnings in industries processing farm raw materials are lower than the average for all manufacturing industries, which was \$2.29 in 1960. In the same year hourly earnings averaged \$2.18 in industries manufacturing food and kindred products, \$1.72 in tobacco manufacturing, \$1.62 in the textile mill products industry, and \$1.56 in the apparel and finished textile products industry.

Hourly earnings of employees in retail food and liquor stores were \$2.01 in 1960, compared with the average of \$1.81 for all retail trade. Employees in retail apparel and accessories stores earned an average of \$1.53 an hour in 1960.

Hourly earnings in the food and kindred products industry increased 64 percent

from 1950 to 1960, compared with an increase of 56 percent in the average for all manufacturing industries. In industries manufacturing textile mill products and apparel and finished textiles, hourly earnings increased 30 percent from 1950 to 1960, much less than the average for all manufacturing industries. Hourly earnings in retail food stores rose slightly less than the average of 53 percent for all retail trade. Hourly earnings in apparel and accessories stores rose 37 percent.

Improvements in output per man-hour have prevented labor costs per unit of product from rising as much as average hourly earnings. Unit labor costs in food marketing have risen less than half as much as hourly earnings since 1947-49.

Average hourly earnings probably will go up again next year. Rising business activity and employment are expected to strengthen the demand for labor. Increases in the proportion of skill (and higher paid) employees in the work force has been one cause of rising average hourly earnings. This factor will continue to provide upward pressure. Improvements in output per man-hour again will keep labor costs from going up as much as hourly earnings.

Transportation Charges

Transportation charges for agricultural products may average a little lower this year than in 1960. The Interstate Commerce Commission authorized a relatively small general increase in rail freight rates effective October 24, 1960, but selective reductions in rail freight rates apparently have more than offset these increases. Rate increases by truck and barge lines during the latter part of 1960 also affected transportation costs this year. But most shipments of unprocessed farm products by truck and barge move under rates that are exempt from ICC regulation. Few statistical data are available regarding these rates. There

are some indications, however, that exempt truck rates have been relatively stable in recent years (p. 20).

Big changes in freight rates for farm products are not in prospect for 1962. At present the railroads have no requests before the ICC for authority to make general or broadly selective increases in freight rates. Rail carriers in the Southeast have proposed grain rate reductions and a basic change in the grain rate structure. The proposed change if it is permitted to become effective should reduce carrier costs and eventually be reflected in lower rates.

Rail Freight Rates

Rail freight rates for farm products averaged a little lower in 1960, after dropping slightly in 1959 (table 2). Railroads have reduced rates by the adoption of incentive rate schedules (p. 20) and by making selective rate reductions in an attempt to regain some of the traffic lost to trucks.

Other Carriers

Motor truck common carriers in several areas are seeking to increase their rates either through higher basic charges or through establishment of minimum charges on small lot shipments. The carriers state that rising operating costs require rate increases. The Civil Aeronautics Board removed mandatory minimums on domestic air freight rates as of September 30, 1961.

Table 2.--Rail freight rate indexes for selected agricultural commodities, 1945-60 ^{1/}

| (1947-49 = 100) | | | | | | |
|-----------------|-----------|------|-----------------------|-------|--------|----------------|
| Year and month | Livestock | Meat | Fruits and vegetables | Wheat | Cotton | Combined index |
| 1945 | 73 | 72 | 79 | 75 | 78 | 76 |
| 1946 | 75 | 71 | 80 | 76 | 79 | 77 |
| 1947 | 86 | 85 | 90 | 87 | 90 | 88 |
| 1948 | 103 | 103 | 103 | 103 | 102 | 103 |
| 1949 | 111 | 112 | 107 | 109 | 108 | 109 |
| 1950 | 114 | 115 | 109 | 112 | 111 | 112 |
| 1951 | 117 | 119 | 110 | 115 | 114 | 114 |
| 1952 | 127 | 127 | 116 | 123 | 124 | 122 |
| 1953 | 130 | 130 | 117 | 127 | 128 | 125 |
| 1954 | 130 | 130 | 117 | 127 | 128 | 125 |
| 1955 | 130 | 130 | 117 | 127 | 125 | 124 |
| 1956 | 136 | 136 | 121 | 133 | 120 | 129 |
| 1957 | 146 | 144 | 126 | 140 | 119 | 136 |
| 1958 | 154 | 136 | 123 | 144 | 119 | 136 |
| 1959 | 153 | 123 | 119 | 142 | 119 | 133 |
| 1960 | 153 | 122 | 118 | 140 | 119 | 131 |

^{1/} Indexes shown here are based on actual rate levels, and rises reflect rate increases actually taken by the railroads. Increases were somewhat below those authorized by the Interstate Commerce Commission. The latter increases appear in an ICC statistical series.

For index numbers 1913-51 and methodology see Methods Used in Computing Rail Freight-Rate Indexes for Farm Products, by Robert B. Reese, U. S. Dept. Agr., AMS-209, issued Oct. 1953, reissued Sept. 1957.

Table 3.--Costs of equipment and supplies bought by marketing firms, 1953-61

| (1947-49 = 100) | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|------------|
| Item | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 1/ |
| Fuel, power, and lighting materials | 108.1 | 107.9 | 111.2 | 117.2 | 112.7 | 112.7 | 113.8 | 115.4 |
| Machinery and equipment | 128.2 | 134.0 | 147.5 | 157.6 | 160.0 | 165.3 | 167.1 | 166.3 |
| Construction costs | 122.0 | 125.0 | 132.0 | 137.0 | 138.0 | 141.0 | 143.5 | 144.8 |
| Waxing paper | 117.9 | 124.1 | 135.1 | 137.6 | 137.0 | 137.0 | 137.0 | 137.0 |
| Grocery bags | 108.1 | 109.9 | 141.5 | 151.7 | 156.1 | 153.8 | 153.2 | 152.9 |
| Container board (paper) | 119.9 | 119.9 | 123.7 | 125.0 | 125.0 | 125.0 | 124.5 | 115.6 |
| Glass containers | 141.1 | 142.9 | 150.4 | 158.9 | 167.8 | 167.8 | 163.3 | 162.4 |
| Metal containers | 130.6 | 132.9 | 141.6 | 151.2 | 155.7 | 153.8 | 154.0 | 156.6 |
| Motortruck prices | 113.8 | 118.0 | 127.2 | 134.0 | 139.8 | 142.4 | 138.8 | 138.7 |
| Gasoline | 114.8 | 114.6 | 118.0 | 123.6 | 115.4 | 115.0 | 116.0 | 117.6 |
| Lubricating oil materials | 71.1 | 73.3 | 87.4 | 97.6 | 91.3 | 90.5 | 99.9 | 103.0 |
| Tires and tubes | 130.6 | 144.9 | 152.3 | 150.9 | 152.4 | 143.4 | 138.4 | 138.0 |

1/ 9-month average.

Index published by the Bureau of Labor Statistics except index of construction costs which is published by the Department of Commerce.

Other Costs

Prices of many supplies and other items bought by marketing firms have not changed appreciably in recent years (table 3). Some have gone up a little and others down. This situation contrasts with that in the early and mid 1950's, when most of these prices went up significantly each year. Costs of fuel, power, and lighting materials averaged a little higher this year, and prices of gasoline and lubricating oil also were up slightly. Prices of several types of containers and packaging materials were down, though metal container prices were up again this year. Prices of machinery and equipment and motor trucks averaged a little lower in the first 9 months of 1961. Construction costs, however, continued to rise.

Interest rates charged by banks on short-term loans to business were stable during 1961. Rates in 19 large cities in various sections of the country averaged 4.99 percent in September this year, about the same as a year earlier. This rate was lower than that prevailing during much of 1959 and 1960.

Rents and State and local taxes have continued to rise in many areas. Depreciation charges have been rising in recent years because plant and equipment have been replaced at prices that were higher than those paid in earlier years, and some new plant and equipment is now written off more rapidly.

Table 4.--Net profits (before and after taxes on income) as a percentage of stockholders' equity and as a percentage of sales, leading food and tobacco companies, average 1935-39 and 1947-49, annual 1950-60

| Year | Profits as percentage of stockholders' equity ^{1/} | | | | | | | |
|---------------|---|-------|-----------------|-------|--------------|-------|-----------|-------|
| | 49 | | 5 | | 8 | | 5 | |
| | food processing: | | wholesale food: | | retail food: | | tobacco | |
| | companies | | distributors | | chains | | companies | |
| | Before | After | Before | After | Before | After | Before | After |
| | taxes | taxes | taxes | taxes | taxes | taxes | taxes | taxes |
| | Pct. | Pct. | Pct. | Pct. | Pct. | Pct. | Pct. | Pct. |
| Average: | | | | | | | | |
| 1935-39 | 8.8 | 7.2 | --- | --- | 10.2 | 8.4 | 17.3 | 13.9 |
| 1947-49 | 19.4 | 11.6 | 25.2 | 15.5 | 27.8 | 16.5 | 23.8 | 14.3 |
| 1950 | 21.0 | 11.5 | 17.2 | 10.0 | 26.7 | 14.0 | 25.8 | 13.5 |
| 1951 | 18.0 | 8.5 | 17.6 | 9.4 | 21.1 | 10.1 | 24.8 | 9.9 |
| 1952 | 17.6 | 8.2 | 12.4 | 5.8 | 22.5 | 10.0 | 23.0 | 9.5 |
| 1953 | 19.9 | 9.2 | 14.8 | 7.6 | 25.1 | 11.4 | 25.6 | 10.1 |
| 1954 | 18.4 | 8.9 | 13.8 | 7.5 | 23.3 | 11.3 | 23.1 | 10.6 |
| 1955 | 20.3 | 10.2 | 12.6 | 6.7 | 23.4 | 11.2 | 26.2 | 12.0 |
| 1956 | 20.2 | 10.3 | 15.0 | 7.6 | 27.5 | 13.1 | 26.2 | 12.1 |
| 1957 | 18.8 | 9.6 | 15.4 | 7.6 | 29.9 | 14.2 | 27.3 | 12.8 |
| 1958 | 20.6 | 10.2 | 18.4 | 9.7 | 29.2 | 13.8 | 31.6 | 14.6 |
| 1959 | 21.4 | 10.6 | 15.9 | 8.1 | 27.0 | 12.9 | 32.0 | 14.8 |
| 1960 | 20.7 | 10.3 | 19.0 | 10.1 | 26.0 | 12.5 | 31.5 | 14.6 |
| | Profits as percentage of sales | | | | | | | |
| | 45 | | 5 | | 8 | | 5 | |
| | food processing: | | wholesale food: | | retail food: | | tobacco | |
| | companies | | distributors | | chains | | companies | |
| | Before | After | Before | After | Before | After | Before | After |
| | taxes | taxes | taxes | taxes | taxes | taxes | taxes | taxes |
| Average: | | | | | | | | |
| 1935-39 | 3.6 | 3.0 | --- | --- | 1.8 | 1.5 | 11.3 | 9.1 |
| 1947-49 | 3.9 | 2.3 | 2.7 | 1.7 | 2.3 | 1.4 | 8.2 | 4.9 |
| 1950 | 4.6 | 2.5 | 2.1 | 1.2 | 2.4 | 1.3 | 9.8 | 5.1 |
| 1951 | 3.6 | 1.7 | 2.1 | 1.1 | 1.9 | .9 | 9.4 | 3.8 |
| 1952 | 3.5 | 1.6 | 1.6 | .7 | 1.9 | .8 | 8.2 | 3.4 |
| 1953 | 4.0 | 1.9 | 2.0 | 1.0 | 2.1 | 1.0 | 9.7 | 3.8 |
| 1954 | 3.8 | 1.9 | 1.9 | 1.0 | 2.0 | 1.0 | 9.4 | 4.3 |
| 1955 | 4.4 | 2.2 | 1.7 | .9 | 2.1 | 1.0 | 10.8 | 4.9 |
| 1956 | 4.3 | 2.2 | 1.9 | 1.0 | 2.4 | 1.1 | 10.8 | 5.0 |
| 1957 | 4.1 | 2.1 | 1.8 | .9 | 2.6 | 1.2 | 11.0 | 5.2 |
| 1958 | 4.5 | 2.2 | 2.3 | 1.2 | 2.6 | 1.2 | 12.3 | 5.7 |
| 1959 | 4.8 | 2.4 | 2.1 | 1.1 | 2.6 | 1.2 | 12.5 | 5.8 |
| 1960 | 4.8 | 2.4 | 2.3 | 1.2 | 2.6 | 1.2 | 12.5 | 5.8 |

^{1/} Ratio of net profits to average of stockholders' equity at the beginning and end of the year. Stockholders' equity is excess of total balance sheet assets over liabilities.

Compiled from financial statements reported in Moody's Industrials.

Profits

Total net profits, both before and after taxes, of firms manufacturing food and kindred products were about 6 percent higher in the first half of this year than in the same period of 1960, according to joint reports of the Federal Trade Commission and the Securities and Exchange Commission. Total profits of corporations manufacturing textile mill products and apparel and other finished textile products for the first half of the year were down sharply in 1961 compared with 1960. Total profits of 17 leading retail food store companies in the first half of 1961 were about the same as in the corresponding period of 1960, while sales were up a little.

Net profits (before and after taxes) as a percentage of sales for 45 leading corporations manufacturing food products averaged the same in 1960 as in 1959 (table 4). As percentages of stockholders' equity, profits of these companies and four additional companies were down in 1960 from 1959 levels. •

Profit of five leading wholesale food distributing corporations were considerably higher in 1960 than in the preceding

year. Increases were particularly sharp for ratios of profits to stockholders' equity, which were higher in 1960 than in any other year since 1949. The larger increase in the stockholders' equity ratio resulted from a 20 percent jump in sales coupled with an 8 percent increase in stockholders' equity.

For eight leading retail food chains, profits as a percentage of sales were the same in 1960 as in 1959, but profits were a smaller percentage of stockholders' equity in 1960 than in the preceding year. Stockholders' equity was 8 percent larger in 1960 than in 1959, while sales rose about 4 percent.

Average ratios of profits to sales for the five leading tobacco companies also were the same in 1960 and 1959, but ratios of profits to stockholders' equity declined slightly.

Profit ratios of leading corporations manufacturing textile mill products and apparel and other finished textile products were lower in 1960 than in 1959 (table 5).

FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS - RECENT TRENDS AND OUTLOOK

Marketing Spread Up, Farm Value Down From Year Earlier

The farm-retail spread for the farm food market basket in the third quarter totaled \$661 (annual rate) this year, about 1 percent higher than in 1960 (table 7). ^{1/} This increase was the same as that from the third quarter of 1959 to

the third quarter last year. For the 9 months ended September 30, the farm-retail spread averaged about 2 percent higher than in the same period of 1960. The average annual increase from 1950 to 1960 was 2.8 percent.

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in Farm-Retail Spreads for Food Products, U. S. Dept. Agr., Misc. Pub. 741, 1957. The farm-retail spread is the difference between the retail price paid by the consumer and the payment to the farmer for equivalent farm products. It is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing farm food products.

Table 5.--Net profits (before and after taxes on income) as percentages of stockholders' equity and sales, corporations manufacturing textile-mill products and apparel and finished textiles, 1951-61

| Year and quarter | Profits as percentage of-- | | | | | | | |
|------------------------|----------------------------|-------------|-------------------------------------|-------------|-----------------------|-------------|-------------------------------------|-------------|
| | Stockholders' equity | | | | Sales | | | |
| | Textile-mill products | | Apparel and other finished products | | Textile-mill products | | Apparel and other finished products | |
| | Before taxes | After taxes | Before taxes | After taxes | Before taxes | After taxes | Before taxes | After taxes |
| | Pct. | Pct. | Pct. | Pct. | Pct. | Pct. | Pct. | Pct. |
| 1951 | 19.8 | 7.1 | 9.9 | 3.0 | 7.9 | 2.9 | 2.1 | 0.6 |
| 1952 | 9.7 | 3.6 | 10.9 | 4.5 | 4.2 | 1.6 | 2.4 | 1.0 |
| 1953 | 9.8 | 3.9 | 11.3 | 5.0 | 4.7 | 1.9 | 2.6 | 1.2 |
| 1954 | 5.2 | 1.5 | 10.0 | 4.5 | 2.7 | .8 | 2.3 | 1.1 |
| 1955 | 10.9 | 4.8 | 12.8 | 6.0 | 5.1 | 2.2 | 2.8 | 1.3 |
| 1956 | 11.8 | 5.8 | 16.5 | 8.1 | 5.3 | 2.6 | 3.3 | 1.6 |
| 1957 | 9.0 | 4.2 | 13.2 | 6.3 | 4.1 | 1.9 | 2.7 | 1.3 |
| 1958 | 7.4 | 3.5 | 11.7 | 5.0 | 3.4 | 1.6 | 2.3 | 1.0 |
| 1959 | 14.1 | 7.5 | 16.8 | 8.7 | 5.7 | 3.0 | 3.0 | 1.5 |
| 1960 | 12.0 | 5.8 | 15.8 | 7.7 | 5.1 | 2.5 | 2.8 | 1.4 |
| 1960 | | | | | | | | |
| 1st quarter: | 13.8 | 6.6 | 12.4 | 5.2 | 5.8 | 2.8 | 2.4 | 1.0 |
| 2nd quarter: | 12.5 | 6.1 | 14.0 | 6.9 | 5.2 | 2.5 | 2.6 | 1.3 |
| 1961 | | | | | | | | |
| 1st quarter: | 7.2 | 2.6 | 7.0 | 2.1 | 3.3 | 1.2 | 1.3 | .4 |
| 2nd quarter: | 9.5 | 4.3 | 10.1 | 2.6 | 4.0 | 1.8 | 1.9 | .5 |

Computed from data in the "Quarterly Financial Report for Manufacturing corporations" 1952-61 issues, published by the Federal Trade Commission and Securities and Exchange Commission.

Table 6.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1947-61 1/

| Year and month | Retail cost <u>2/</u> Dollars | Farm value <u>3/</u> Dollars | Farm-retail spread Dollars | Farmer's share Percent |
|-----------------------|-------------------------------------|------------------------------------|----------------------------------|------------------------------|
| 1947-49 average | 940 | 466 | 474 | 50 |
| 1950 | 920 | 432 | 488 | 47 |
| 1951 | 1,024 | 497 | 527 | 49 |
| 1952 | 1,034 | 482 | 552 | 47 |
| 1953 | 1,003 | 445 | 558 | 44 |
| 1954 | 986 | 421 | 565 | 43 |
| 1955 | 969 | 395 | 574 | 41 |
| 1956 | 972 | 390 | 582 | 40 |
| 1957 | 1,007 | 401 | 606 | 40 |
| 1958 | 1,064 | 430 | 634 | 40 |
| 1959 | 1,040 | 398 | 642 | 38 |
| 1960 <u>4/</u> | 1,052 | 408 | 644 | 39 |
| 1961 <u>4/</u> | 1,065 | 405 | 660 | 38 |
| <u>1960</u> | | | | |
| January | 1,030 | 388 | 642 | 38 |
| February | 1,028 | 394 | 634 | 38 |
| March | 1,032 | 412 | 620 | 40 |
| April | 1,053 | 416 | 637 | 39 |
| May | 1,055 | 409 | 646 | 39 |
| June | 1,062 | 405 | 657 | 38 |
| July | 1,064 | 406 | 658 | 38 |
| August | 1,056 | 401 | 655 | 38 |
| September | 1,055 | 402 | 653 | 38 |
| October | 1,062 | 413 | 649 | 39 |
| November | 1,065 | 421 | 644 | 40 |
| December | 1,068 | 422 | 646 | 39 |
| <u>1961</u> | | | | |
| January | 1,068 | 418 | 650 | 39 |
| February | 1,070 | 424 | 646 | 40 |
| March | 1,068 | 414 | 654 | 39 |
| April | 1,069 | 408 | 661 | 38 |
| May | 1,060 | 397 | 663 | 37 |
| June | 1,059 | 392 | 667 | 37 |
| July | 1,066 | 396 | 670 | 37 |
| August | 1,060 | 403 | 657 | 38 |
| September | 1,058 | 402 | 656 | 38 |

1/ The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-59 are published in Supplement for 1956-60 to Farm-Retail Spreads for Food Products, U.S. Dept. Agr., Misc. Pub. 741, 1961. 2/ Retail cost of average quantities purchased per family in 1952 by urban wage-earner and clerical worker families, calculated from retail prices collected by the Bur. Labor Statistics. 3/ Payment to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing. 4/ Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Statistical Reporting Service. :

Marketing spreads for several product groups showed wider variations from the third quarter 1960 to third quarter this year. The spread for the fresh fruits and vegetables group increased 5 percent; for fats and oils, 7 percent. There was also a small increase for dairy products. These increases were partly offset by a 3 percent decrease for meat products.

Compared with the second quarter this year, the spread for the market basket in the third quarter was nearly unchanged.

The farm value of the market basket averaged \$401 (annual rate) in the third

quarter this year, down 1 percent from the same quarter last year. ^{2/} Lower farm values for frying chickens and beef accounted for most of the decline. These decreases were partly offset by increases for bakery and cereal products, processed fruits and vegetables, and fats and oils. Among the farm products in these groups that showed large increases in farm prices were hogs, wheat, onions, cottonseed, and soybeans (table 11, p. 30).

The farm value of the market basket in the third quarter this year was about the same as in the previous quarter.

Retail Cost Unchanged

The retail cost of the market basket in the third quarter this year stood at an annual rate of \$1,061, about the same as a year earlier. ^{3/} It rose from \$1,058 in the third quarter of 1960 to \$1,068 in the first quarter this year. It then declined about 1 percent in the

second and third quarters. Retail prices of beef, lamb, frying chickens, and some fresh vegetables were considerably lower than a year earlier; those for shortening, margarine, orange juice, onions, and cabbage were substantially higher (table 11, p. 30).

No Change in Farmer's Share

The farmer received 38 cents from the dollar spent by consumers for the farm foods in retail food stores in the quarter just ended. The other 62 cents went to marketing agencies. The farmer's share

has fluctuated between 37 and 39 cents since the fourth quarter of 1958. The farmer's share for 1961 probably will average 38 cents, 1 cent lower than in 1960 (table 6).

Farm Value of Pork Higher, Beef Lower

The farm value of retail cuts of pork was 8 percent higher in the third quarter this year than in the same quarter last year (table 11, p. 30). The retail price was 2 percent higher than a year earlier. Since the increase in retail price was

not as large as the increase in farm value, the farm-retail spread decreased 5 percent. Most of this decrease was in the live-wholesale segment of the spread (table 9).

^{2/} The farm value is the return to farmers for the farm products equivalent to foods in the market basket.

^{3/} The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The market basket of farm foods does not include imported foods, fishery products, and other foods of nonfarm origin, or costs of meals purchased in eating places.

Table 7.--The market basket of farm foods: Retail cost, farm value, and farm-retail spread, July-September 1961 and 1960

| Product group | July-Sept. 1961 | July-Sept. 1960 | Change: July-Sept., 1961 from July-Sept., 1960 | |
|-------------------------------|--------------------|--------------------|---|------------|
| | | | Actual | Percentage |
| | Dollars | Dollars | Dollars | Percent |
| Retail cost | | | | |
| Market basket | 1,061.14 | 1,058.47 | 2.67 | <u>1/</u> |
| Meat products | 273.91 | 280.46 | -6.55 | -2 |
| Dairy products | 201.67 | 199.38 | 2.29 | 1 |
| Poultry and eggs | 84.33 | 89.68 | -5.35 | -6 |
| Bakery and cereal products .. | 167.43 | 165.48 | 1.95 | 1 |
| All fruits and vegetables ... | 244.78 | 238.57 | 6.21 | 3 |
| Fats and oils | 44.09 | 40.73 | 3.36 | 8 |
| Miscellaneous products | 44.92 | 44.16 | .76 | 2 |
| Farm value | | | | |
| Market basket | 400.57 | 402.83 | -2.26 | -1 |
| Meat products | 138.94 | 141.26 | -2.32 | -2 |
| Dairy products | 89.14 | 88.38 | .76 | 1 |
| Poultry and eggs | 49.56 | 55.05 | -5.49 | -10 |
| Bakery and cereal products .. | 30.25 | 28.11 | 2.14 | 8 |
| All fruits and vegetables ... | 72.60 | 71.29 | 1.31 | 2 |
| Fats and oils | 12.74 | 11.38 | 1.36 | 12 |
| Miscellaneous products | 7.34 | 7.35 | -.01 | <u>1/</u> |
| Farm-retail spread | | | | |
| Market basket | 660.57 | 655.64 | 4.93 | 1 |
| Meat products | 134.97 | 139.20 | -4.23 | -3 |
| Dairy products | 112.53 | 111.00 | 1.53 | 1 |
| Poultry and eggs | 34.77 | 34.63 | .14 | <u>1/</u> |
| Bakery and cereal products .. | 137.18 | 137.37 | -.19 | <u>1/</u> |
| All fruits and vegetables ... | 172.18 | 167.28 | 4.90 | 3 |
| Fats and oils | 31.35 | 29.35 | 2.00 | 7 |
| Miscellaneous products | 37.58 | 36.81 | .77 | 2 |

1/ Less than 0.5 percent.

Table 8.--Beef (Choice grade): Live-wholesale and wholesale-retail spreads, by quarters, 1960-61 1/

| Quarter | Live-wholesale (per 100 pounds live weight) | | | | | Wholesale-retail (per 100 pounds carcass weight) | | |
|----------------|--|-------------------|------------|---------|---------|---|---------------------------|-----------------|
| | Price of steers <u>2/</u> | Wholesale value | | | Spread | Wholesale price <u>4/</u> | Retail value <u>5/</u> | Spread |
| | | Carcass <u>3/</u> | Byproducts | Total | | | | |
| | | | | | | | | |
| | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars |
| 1960 | | | | | | | | |
| Jan.-Mar. | 26.53 | 27.01 | 2.19 | 29.20 | 2.67 | 45.78 | 64.96 | 19.18 |
| Apr.-June | 26.86 | 27.16 | 2.33 | 29.49 | 2.63 | 46.03 | 65.68 | 19.65 |
| July-Sept. ... | 25.01 | 25.60 | 2.25 | 27.85 | 2.84 | 43.39 | 64.48 | 21.09 |
| Oct.-Dec. | 25.28 | 25.26 | 2.21 | 27.47 | 2.19 | 42.81 | 63.92 | 21.11 |
| Average ... | 25.92 | 26.26 | 2.24 | 28.50 | 2.58 | 44.50 | 64.80 | 20.30 |
| 1961 | | | | | | | | |
| Jan.-Mar. | 25.99 | 26.27 | 2.23 | 28.50 | 2.51 | 44.52 | 65.36 | 20.84 |
| Apr.-June | 23.66 | 24.05 | 2.38 | 26.43 | 2.77 | 40.77 | <u>6/</u> 63.28 | <u>6/</u> 22.51 |
| July-Sept. ... | 23.64 | 23.71 | 2.47 | 26.18 | 2.54 | 40.18 | 61.52 | 21.34 |

1/ Quarterly data for 1949-59 are published in Marketing Costs and Margins for Livestock and Meats, U.S. Dept. Agr., Mktg. Res. Rpt. 418, Nov. 1960, tables 26 and 29.

2/ Weighted average of prices at 20 leading public stockyards.

3/ Wholesale carcass value is 59 percent of average wholesale price of 100 pounds of Choice grade carcass beef.

4/ Weighted average of prices of Choice grade carcass beef in New York, Chicago, Los Angeles, San Francisco, and Seattle.

5/ Calculated from average retail prices of beef cuts in urban areas, published by Bur. Labor Statistics. The retail value per 100 pounds carcass weight is 80 percent of average retail cost of 100 pounds of retail cuts, because about 20 pounds of a 100-pound carcass is fat, bone, and trim which is sold by retailers at nominal prices.

6/ Revised.

Table 9.--Pork: Live-wholesale and wholesale-retail spreads, by quarters, 1960-61 1/

| Quarter | Live-wholesale (per 100 pounds live weight) | | | Wholesale-retail (per 100 pounds major cuts) | | |
|-----------------|--|------------------------------|---------|---|---------------------------|-----------------|
| | Price of hogs <u>2/</u> | Wholesale value <u>3/</u> | Spread | Wholesale value <u>4/</u> | Retail value <u>5/</u> | Spread |
| | | | | | | |
| | | | | | | |
| | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars |
| <u>1960</u> | | | | | | |
| Jan.-Mar. | 14.27 | 19.68 | 5.41 | 38.02 | 52.05 | 14.03 |
| Apr.-June | 16.94 | 21.32 | 4.88 | 41.79 | 55.97 | 14.18 |
| July-Sept. | 17.40 | 22.65 | 5.25 | 42.96 | 58.94 | 15.98 |
| Oct.-Dec. | 18.00 | 23.20 | 5.20 | 43.49 | 58.69 | 15.20 |
| Average | 16.65 | 21.84 | 5.19 | 41.56 | 56.41 | 14.85 |
| <u>1961</u> | | | | | | |
| Jan.-Mar. | 18.16 | 23.29 | 5.13 | 43.25 | 59.34 | 16.09 |
| Apr.-June | 17.46 | 22.22 | 4.76 | 41.09 | <u>6/</u> 58.03 | <u>6/</u> 16.94 |
| July-Sept. | 18.37 | 23.12 | 4.75 | 43.75 | 59.64 | 15.89 |

1/ Quarterly data for 1949-59 are published in Marketing Costs and Margins for Livestock and Meats, U.S. Dept. Agr., Mktg. Res. Rpt. 418, Nov. 1960, tables 27 and 30.

2/ Average price of 200-220 pound barrows and gilts, Chicago.

3/ Wholesale value at Chicago of 71 pounds of pork and lard obtained from 100 pounds of live hog.

4/ Wholesale value of 100 pounds of major pork cuts at Chicago computed from Livestock Market News and National Provisioner price quotations of individual cuts.

5/ Calculated from average retail prices of major pork cuts in urban areas, published by Bur. Labor Statistics.

6/ Revised.

The farm value of pork rose 10 percent from the second to the third quarter this year; retail price increased 3 percent, and the spread decreased 4 percent. Most of the decrease in the spread was in the wholesale-retail segment.

In the quarter just ended, the farm value of Choice grade beef was 7 percent lower than in the third quarter of 1960.

The retail price and farm-retail spread also declined. The live-wholesale segment of this spread decreased, while the whole-sale-retail segment increased slightly (table 8). Compared with the second quarter of this year, the farm-retail spread in the third quarter was 5 percent lower as the result of a 3 percent drop in the retail price and an unchanged farm value.

The Outlook for 1962

Charges for marketing farm food products have risen each year since 1950. It is expected that the farm-retail spread (marketing charges) for the farm food market basket will average about \$660 this year, between 2 and 3 percent higher than the average for 1960. A reversal of the upward trend in marketing charges next year seems unlikely. An increase of 1 or 2 percent is anticipated for 1962. Increases in most years since the early 1950's have not exceeded 2 percent.

Costs incurred by marketing firms probably will be a little higher in the year ahead. (See pp. 5-12.) Hourly earnings of food marketing workers have climbed at an almost steady annual rate of 4 percent in recent years and no slackening in this rate is in prospect. Gains in output per man-hour, however, are almost certain to keep unit labor costs from rising as much as hourly earnings. Transportation charges probably will be about the same as this year. Competition between carriers is likely to keep rates down. Prices of supplies and other items bought by marketing firms probably will average a little higher next year than in 1961. Many other costs will continue to inch upward.

The farm value of the market basket probably will average about the same in 1962 as the \$405 forecast for this year. Increased production is expected to keep the price of hogs below this year's level. Beef cattle may hold near 1961 levels and lambs will be higher. Farm values of dairy products will be about the same as this year. For frying chickens and eggs, farm values, at least in the first quarter, are likely to be a little below this year's levels. Higher prices for wheat will raise the farm value of the bakery and cereal products group. The higher support price announced for the 1962 crop already is influencing the farm price of wheat. Farm values of apples, fresh citrus fruits, and potatoes probably will be lower in 1962 than in 1961, at least during much of the first half of the year.

A small increase in retail prices of farm foods seems likely for 1962.

Increases in the retail cost and marketing charges with no increase in the farm value may cause the farmer's share of the consumer's farm food dollar to drop to 37 cents next year.

COMPETITION IN THE TRANSPORT INDUSTRIES--A REVIEW AND PROSPECTS 1/

The transportation industry has passed into an extremely competitive era. There is intense competition both among the different modes of common carriers, and among private carriers of all kinds and common carriers for freight and passengers.

The intense controversy in Congress and before the regulatory commissions recently has been largely over rate reductions and rate-making procedures that intensify competition. Rates have been relatively stable for the past 3 years, and rail rates have actually declined slightly for farm products. Three areas of major difference have developed: (1) The Interstate Commerce Commission's interpretation of the Transportation Act

of 1958 has made it somewhat less difficult for railroads to justify their competitive rate reductions; (2) the ICC and court interpretations of the new piggy-back proposals (Plans III and IV) of the railroads have permitted some experimentation with all-commodity rates as opposed to the historic classification and commodity rate making; (3) finally, the competition from private autos and trucks has compelled common carriers of both freight and passengers to seek ways of reducing rates and fares through volume freight rates and heavier loading of freight cars and trucks, air bus and shuttle fares, and other devices. The Senate has also instituted hearings on the reasons for the decline in common carriage.

Rule of Rate-Making

The Transportation Act of 1958, among other things, amended the Interstate Commerce Act's "rule of rate making" where competition among different modes of transportation is involved. The ICC seeks to protect the inherent cost advantages of the different modes of transport by prohibiting published rates below computed out-of-pocket costs. Prior to 1958, the Commission operated under the general rule of permitting railroad rates to be reduced to the level of competing truck and barge rates but not below levels adequate to cover all the competitive costs including a profit. The railroads argued this procedure, in effect, held an umbrella over truck and water carriers in cases where truck or water competitive rates were above railroad fully distributed costs or well above out-of-pocket costs, because trucks were able, at equal rates, to offer service advantages over railroads.

The railroad argument prevailed and the Congress wrote Section 15a (3) of the act as follows:

"In a proceeding involving competition between carriers of different modes of transportation subject to this Act, the Commission, in determining whether a rate is lower than a minimum reasonable rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to all the objectives of the national transportation policy declared in this act."

The last sentence of the section has been interpreted by the Interstate Com-

1/ Prepared by C. P. Schumaier, transportation economist, Marketing Economics Division, Economic Research Service.

merce Commission to mean what it says in the railroad versus truck fight. Railroads have published and had sustained in the courts rates substantially lower than truck rates for some commodities, among them paint and new automobiles. Trucking companies, feeling the effect of this new competition, are seeking an amendment to the rule of rate making that would require the Commission to consider:

“...among other factors, the facts and circumstances attending the movement of the traffic by, and the effect upon the earnings of, the carrier or carriers to which

the rate is applicable, the competitive necessity for the rate, its effect upon a lawful rate structure or adjustment, and its tendency, if any, to cast an unjust burden upon other traffic.”

The last sentence of the section would remain unchanged. The Commission is opposed to the change because that agency believes it is administratively unworkable and likely to lead to long and costly court battles over correct interpretation.

The first session of the 87th Congress held hearings on the amendment but voted to postpone action until next year.

Piggy-back Plans III and IV

On June 19, 1961, the Commission approved Plans III and IV for trailer-on-flatcar and container service which it has had under investigation since late in 1958. Early in September a Federal court upheld the rights of freight forwarders to use Plan III for shipments of over 10,000 pounds. Trucking companies had attacked these rates as unlawful competition. Under Plan III the shipper delivers his own trailers or van containers to the railroad. The railroad loads trailers or containers onto the flatcars at origin, performs the line haul service, and unloads the trailers or containers from the flatcars at the terminal. The charge is a fixed rate per flatcar whether the trailers on it are loaded or empty. These rates are subject to the restriction that no more than 60 percent of the total weight of the lading on one car consists of any one article. The service under Plan IV is the same as Plan III except that the shipper provides the flatcar in addition to the trailer or container.

The most interesting feature of Plans III and IV is the fixed rate per flatcar charge. This is a complete departure from the old value of service and commodity classification system of quoting surface transportation rates. The latter is only loosely related to the cost of providing any particular transportation service. The former is tied closely to actual costs. There is no difference between the empty and loaded charges because there is presumably little difference in the cost of hauling loaded or empty trailers.

A serious attempt to relate surface transportation charges to costs and to simplify truck and rail tariff schedules is long overdue. Railroad cars or trucks can be loaded heavily with most agricultural products and earn high per car or per truck revenues. Adjustments of rates to approximate more nearly relevant costs should result in a more economical and rational transportation system and hence lower costs to agriculture.

Rate Experimentation

Railroads and airlines are experimenting with freight and passenger rates as a competitive weapon against both their

common carrier competitors and the trend to private carriage of all kinds.

The ICC has declared unlawful so-called "agreed charges" by railroads. Under agreed charge plans, lower rates are granted if contractually agreed percentages of a plant or warehouse's total shipments move via the contracting carrier. Such agreements are permitted in Canada, and the plans proposed in the United States are similar to those in Canada.

Railroads have been experimenting with various types of incentive rates for heavier loading. Some of these rates were established to make more intensive use of existing equipment. Others are proposed to utilize larger cars. Incentive rates for heavier loading of produce have pushed the average refrigerator car load up from 18.8 tons per car in 1957 to 20.2 tons in 1959, or 7.4 percent. Total revenue per loaded car has gone up 6.4 percent and mileage has increased about 4.0 percent in the same time, while the index of freight rates has decreased. A proposal by the Association of American Railroads to increase the load limit on all cars by 5 percent is another attempt to make better use of existing equipment.

Incentive rates have been published to stimulate more extensive use of new equipment. Lower rates for jumbo tank cars and the recent proposals to establish lower rates for grain shipped in jumbo covered hopper cars are examples of

this type of rate. Some of these new lower rates have been contested by other transportation companies who will suffer a competitive disadvantage, but almost never by shippers. The new grain rate mentioned above was suspended and the initiating company will have to prove to the ICC that the rates proposed are compensatory.

Most agricultural products moving by truck are exempt from ICC regulation, so less is known about these rates. What information is available indicates rates have been fairly stable for the last decade. Apparently, increases in wages, license fees, taxes, equipment prices, and other cost rates have been about balanced by increased vehicle capacity and speed. Laws governing truck weight and length are continually being liberalized. Pennsylvania, for example, legalized 40-foot instead of 35-foot truck trailers this year, removing a bottleneck between the east coast and the Midwest. At least a dozen States have liberalized truck weight and length restrictions this year.

Airlines are proposing lower air freight rates. The recent revocation of air freight minimum rates by the Civil Aeronautics Board should lead to experimental shipments of agricultural products as a backhaul where empty air cargo space is available.

Prospects

The earning position of many common carriers, (railroads, truck lines and air lines) is not bright in the immediate future, particularly in the East. The very keen competition between common carriers and private carriage compels common carriers to seek other means than increased charges on shippers for improving their earning position. Common carriers must find some method of diverting traffic from unregulated carriers, either through economic incentives, better service, or by law, to improve their

earnings within the present level of rates. One method for doing this would be a change in the law to place some of the presently unregulated traffic under ICC regulation. Rates for unmanufactured agricultural commodities are now exempt from regulation when hauled by motor trucks in interstate commerce, and would probably rise if placed under regulation. The Department of Agriculture has consistently opposed such regulation as against the interests of farmers and consumers.

The managements of transportation companies can be expected to pursue economic and service incentives to attract traffic more vigorously in the future than in the past because upward rate adjustments have ceased to aid net revenue of carriers. Current developments in the adoption of transportation tech-

nology, rate-making innovations, and active competition seem likely to increase transportation productivity faster than costs increase and promise lower relative if not absolute transportation costs in the future for the things farmers buy and sell.



Growth Through Agricultural Progress

UTILIZATION OF AGRICULTURAL RESOURCES THROUGH PUBLIC FOOD DISTRIBUTION PROGRAMS 1/

Initiation of the pilot Federal Food Stamp Program at home and the Food for Peace Program abroad has focused national attention upon public programs to utilize part of agriculture's abundant resources in improving the health and well-being of children and needy persons. These include the domestic National School Lunch, Special Milk, Direct Distribution, and Food Stamp Programs and the international People-to-People food assistance programs.

During fiscal year 1961, more than 30 million persons in the United States and its territories and 60 million persons

abroad received benefits through these public programs. During this period, Federal contributions through these programs were valued at almost \$700 million (table 10).

Each of these public food distribution programs is designed to accomplish dual objectives: Expand demand for the abundant flow of foods from the nation's farms and conserve human resources through better nutrition. Well known are the nutritional benefits attained through each program. Less understood is the agricultural mission and how it is accomplished.

The Public Distribution Effort

Public food distribution programs are of two types--those distributing Federally donated foods and others providing funds for local food purchases. During the fiscal year ending June 1961, donated commodities costing nearly \$515 million were made available at home and abroad (including food allocations under the National School Lunch Program). Approximately \$180 million in funds were provided for local food purchases through the National School Lunch, Special Milk, and the pilot Food Stamp (1-month only) Programs.

Commodities acquired by the U. S. Department of Agriculture in its price-support and surplus-removal operations are made available through the Direct Distribution Program to schools, charitable institutions, and needy persons in this country. Also, in carrying out domestic nutritional objectives, additional foods are obtained, on occasion, to supplement the limited number and variety of items currently in excess of commercial requirements. These foods are made available through the Direct Distribution system, a cooperative food handling operation involving Federal, State and local agencies.

Schools and charitable institutions in the 50 States, the District of Columbia, Puerto Rico, and four territories participate in the Direct Distribution Program. During the year ended June 1961, these agencies received foods costing \$105.6 million--about 80 percent of which were obtained through price-support operations.

The Direct Distribution Program also supplements the diets of needy persons in approximately one-half of the Nation's counties--the highest on record. As of June 1961, more than 6.2 million persons were receiving Federally donated foods. The estimated retail value of food issues was \$1.40 per week for each person.

Eligible persons have been certified by State or local welfare officials as needy. Almost one-half are recipients of public assistance through Federal-State matching fund programs, such as aid to dependent children, blind, disabled and old age assistance. The remaining one-half of these needy persons receiving food assistance includes families of pensioned workers, the temporarily unemployed, and

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Table 10.--Public Food Distribution Programs: Federal Contributions of Agricultural Commodities and Funds, Fiscal Years 1957-61

| Federal contribution, programs and recipients | Year ended June 30 | | | | |
|---|--------------------|--------------|--------------|--------------|--------------|
| | 1957 | 1958 | 1959 | 1960 | 1961 |
| | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. | Mil. dol. |
| Commodities <u>1/</u> | | | | | |
| Direct Distribution | | | | | |
| Needy persons <u>2/</u> | 77.9 | 75.9 | 107.0 | 59.4 | 140.0 |
| Needy persons in institutions <u>3/</u> | 26.5 | 33.5 | 29.9 | 15.8 | 34.0 |
| School children..... | 132.0 | 76.0 | 66.8 | 70.9 | 71.6 |
| Total..... | 236.4 | 185.4 | 203.7 | 146.1 | 245.6 |
| National School Lunch School children..... | 14.7 | 14.8 | 42.7 | 61.1 | 61.1 |
| People-to-People (Title III P.L. 480) Needy persons (foreign) <u>4/</u> : | 253.7 | 272.5 | 209.8 | 148.9 | 208.2 |
| Commodities total..... | 504.8 | 472.7 | 456.2 | 356.1 | 514.9 |
| Funds--available for local food purchases | | | | | |
| National School Lunch School children..... | 83.9 | 83.8 | 93.9 | 93.8 | 93.7 |
| Special Milk Children..... | 60.5 | 66.3 | 74.3 | 80.5 | 84.2 |
| Pilot Food Stamp <u>5/</u> Needy persons..... | -- | -- | -- | -- | .4 |
| Funds total..... | 144.4 | 150.1 | 168.2 | 174.3 | 178.3 |
| Total commodities and funds... | 649.2 | 622.8 | 624.4 | 530.4 | 693.2 |

1/ Costs incurred by Federal government in procuring, processing, storing and transporting donated commodities.

2/ Includes donations to Indians on reservations and disaster victims.

3/ Includes donations to child care centers and non-profit children's summer camps.

4/ Excludes foreign food donations under Title II of Public Law 480 for famine relief and other special assistance including aid to needy persons, work relief and foreign economic development.

5/ Pilot programs in 8 areas were commenced during June and July 1961.

low paid workers having incomes approximately equivalent to or lower than the minimum required for maintaining a standard of living at the public assistance level.

Currently, the following foods are being distributed to needy families: Dry beans, butter, corn meal, dried eggs, flour, lard, canned chopped meat, nonfat dry milk, rolled oats, peanut butter, and rice.

In addition to the primary domestic outlets listed, Federally donated foods also are made available to children's summer camps, child care centers, victims of natural disasters, and for other specified uses involving lesser quantities of food, such as in home economics classes in schools receiving the foods for lunch purposes.

People-to-People Distribution Programs make food donations available for foreign distribution after all domestic requirements have been met. During the year ended June 1961, food assistance was given to needy persons in 100 foreign nations through United States voluntary relief agencies and intergovernmental organizations of which the United States is a member.

Foods costing \$208 million were distributed through these people-to-people programs during fiscal year 1961. Wheat and flour, corn and cornmeal, rice and nonfat dry milk accounted for about 97 percent of the cost. Shortening and cottonseed oil made up the remainder.

All foods distributed under these programs are recognized as a gift from the American people to the people of the recipient country. Currently, 19 agencies are undertaking foreign food distribution. These include church-affiliated and other volunteer relief organizations in the United States and agencies connected with the United Nations--the United Nations Children's Fund (UNICEF) and the United Nations Relief and Works Agency (UNRWA).

Foods from the inventories of the Commodity Credit Corporation are pro-

cessed, packaged, and transported to ports of export at Government expense. In addition, ocean freight charges are paid by the Government on certain shipments to specific countries. Costs of distribution within the foreign country are borne by the agency receiving the food.

The People-to-People programs are a public distribution effort conducted under authority of Title III of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). Additional public distribution in foreign nations is undertaken under authority of Title II of the same legislation. However, since food utilization efforts include other than public food distribution, Title II programs are given independent consideration.

Under Title II of Public Law 480, Commodity Credit Corporation stocks may be used for famine relief and other special assistance. In May 1960, legislative authority was broadened to permit use of agricultural commodities in meeting requirements of needy people and in promoting economic development in newly developing countries.

The International Corporation Administration, and successor agencies, administers Title II programs. During the past 7 fiscal years, obligations have totaled \$937 million--mostly for grain shipments. Most of these programs have been concerned with disaster relief. However, surplus commodities have been used for a variety of other purposes, including feeding of school children, aiding refugees and work relief. Title II programs supplement efforts under other titles of Public Law 480.

Title II funds are used to pay ocean transportation costs for commodities shipped under these programs. If a country is landlocked, transportation costs may be paid to specified points of entry. Programs may be undertaken with friendly governments, friendly people without regard to the friendliness of their governments or voluntary agencies.

Under the National School Lunch Program, the Federal contribution includes both funds for local food purchases and foods distributed by the U. S. Department of Agriculture. Funds are distributed to the States in accordance with a legislative formula based upon total school population and per capita income level. The States, in turn distribute these funds to participating schools for the local purchase of foods. States with low average incomes receive relatively larger allocations of funds. Throughout the nation, the average Federal grant was 4.2 cents per meal served during the last fiscal year.

Foods purchased by the Federal government for the program are distributed among the States in proportion to pupil participation in the National School Lunch Program. During the last fiscal year, the schools participating in the National School Lunch Program received foods costing approximately 2.7 cents per meal. Additional donations of price support and other Government-owned food products raised the total value of donated foods to almost 6 cents per meal.

About 60 percent of the Nation's elementary and high-school pupils are enrolled in schools that are in the National School Lunch Program. Approximately one-half of these pupils are participating regularly in the program.

The Special Milk Program provides funds for the local purchase of fluid whole milk, which is offered to pupils at reduced prices. This program is now available to about 80 percent of the Nation's school children, and accounts for more than 2 percent of the national nonfarm consumption of fluid whole milk.

The Special Milk Program, as well as commodity donations, is available to schools participating in or outside of the National School Lunch Programs. However, milk served as a component of the school lunch does not receive subsidization through the Special Milk Program.

The Food Stamp Program is now being tested as a means of increasing food consumption among needy families. Pilot operations were initiated in June and July 1961 in eight cities and counties in economically depressed areas. Federal commodity distribution in these areas was cancelled with the advent of the new program. As of August 1961, more than 141 thousand persons were participating in the pilot program.

The aim of the program is to provide low income families with additional food purchasing power to enable them to buy more adequate diets. Participating families exchange the amount of money they normally would be expected to spend for food for an allotment of food coupons of higher monetary value. Families with little or no income receive the coupons without payment. Most eligible families, however, are required to make a payment. The amount of the family payment is established by program standards based upon information concerning typical expenditures for food by families of comparable size and income. The difference between the value of the coupons received and the payment represents a Federal subsidy. Through August 1961, the average subsidy was about \$1.66 per person per week. Coupons are used only in local retail food stores for buying United States produced foods at prevailing retail prices.

Under the Food Stamp Program subsidies vary among families as measured by income. In contrast under the Direct Distribution Program all eligible families of the same size receive equal quantities of food for which they make no payment. Eligibility requirements under the Food Stamp Program are comparable to those previously in effect under the Direct Distribution Program.

The principle of voluntary participation is implanted in all of the Department's public food distribution programs. With limited exceptions, agencies--State and local--and eligible persons served by these agencies choose whether or not

to participate. Also, each of these programs is based upon cooperative efforts

at Federal, State and local levels.

Utilization of Agricultural Resources

Agriculture's increasing productivity constitutes a primary national achievement. As late as 1950, a single farm worker provided farm products for fewer than 15 persons. Ten years later, a farm worker was serving 26 persons--including more than 3 persons abroad. During the same period, however, total farm employment decreased by 2.2 million persons and total cropland by 21 million acres.

This is a dynamic period of adjustment. The task of providing for constructive utilization of agricultural resources is a major and continuing challenge. Expansion of commercial outlets is sought by increasing marketing efficiency, obtaining more effective promotion and merchandising procedures, developing new and improved products and industrial uses for farm commodities. Publicly-assisted efforts create an expansion of demand for foods that serves the public interest and cannot be accomplished by individual action. Public food distribution programs serve to bring together under-consumers of food and the agricultural abundance which is available to meet unfilled needs.

The two basic types of public food distribution programs involving commodity donation and funds for local food purchases

each contribute to fuller utilization of agricultural capacity--but in different ways. They tend to perform complementary functions.

Commodity distribution programs constitute the primary vehicle for utilizing existing food abundance--the products of excess agricultural resources. In contrast, programs providing funds for local food purchases are concerned more directly with total agricultural resource use. Under the latter programs, participants may increase their consumption of foods such as milk, other dairy products, meats and poultry, that require the use of more agricultural resources per unit of production. By creating an expansion of demand for high resource using foods, overall requirements for agricultural resources are increased. An expansion of demand for high resource using foods also tends to lead toward an allocation of resources that will reflect more closely the food wants and nutritional needs of the Nation.

The overall domestic food distribution effort is directed toward effecting both increased consumption of high resource using foods and utilization of Federally acquired commodities. Foreign programs, in contrast, are concerned primarily with making effective use of existing Federal food inventories.

Demand Expansion

The demand expansion for food attained per dollar of Federal expenditure depends upon the degree to which foods provided actually supplement food consumption, and the extent to which the Federal subsidies encourage increased participation by eligible persons with resulting expansion in food purchases financed by other than Federal expenditures. Techniques for increasing demand are incorporated into

operations of each public distribution program.

Procedures for holding down substitution of foods obtained through these programs for normal food consumption are of major importance. Programs lacking controls on substitution will not serve fully their objectives of demand expansion and nutritional improvement.

When donated foods are made available to schools and charitable institutions, the recipient agencies agree to maintain previous levels of food expenditures. Similarly, when donated foods are made available, public welfare agencies agree to maintain the previous level of food purchasing power provided to needy families through money grants. Other examples of techniques used to hold down substitution are the nutritional standards in the National School Lunch Program and the family payments required under the Food Stamp Program.

The National School Lunch and Special Milk Programs are designed to encourage increasing local expenditures for food. Federal subsidies represent about one-half of the food cost in the milk program, and a lesser proportion in the school lunch effort. By making school meals and milk service available to pupils at reduced prices, Federal programs increase participation. The resultant expansion in food purchases is financed both by local and Federal funds.

The National School Lunch and Special Milk Programs, through which funds are provided for local food purchases, tend to expand the demand for foods by more than the value of the Federal contribution. This results from maintaining nutritional requirements, increasing participation through price reductions, and obtaining

greater local food expenditures. In contrast, Federal donations of food to schools and institutions increase usage of foods in an amount more closely equivalent to the value of the Federal food supplement.

Similarly, the Food Stamp Program, a fund distribution effort, is expected to generate new food purchasing power approximating the Federal contribution. Food donations to needy families would tend to create less expansion of demand than the value of the Federal expenditure. Differences in the ability of these alternative methods to expand demand for foods would arise from variations in the relative effectiveness in preventing substitution of subsidized foods for regular food consumption.

Each type of distribution program has a different capability for creating demand expansion. Fund distribution efforts are adapted to program areas which lead to expansion in the use of local funds for food purchases. Commodity distribution, in turn, can provide in numerous instances more food per dollar of Federal expenditure than alternative methods. Direct distribution appears to be adapted particularly to serving schools and other institutional outlets. A coordinated food donation and fund distribution effort provides administrative flexibility in accomplishing the overall demand expansion objective.

Progress Toward Agricultural Objectives

Public food distribution programs have made major progress toward accomplishment of their objective of expanding demand for food. To effect further improvement, program managers at Federal, State and local levels have enlisted the services of marketing and nutrition specialists to measure and evaluate results being obtained, and to develop and test new methods and procedures for carrying out program missions.

Future progress in the National School Lunch Program will be measured by increases in the percentage of pupils

having nutritious school meals available and the proportion of pupils consuming these meals. A primary need is to find means for making nutritionally adequate meals available to children in distressed areas where communities have difficulty in establishing school feeding facilities or in maintaining a school lunch program because of the burden imposed in feeding without charge many children lacking the ability to pay for their meals. Special efforts in this area are now underway.

Further analysis of price and other factors relating to pupil participation in

school lunch programs may provide guidelines for increasing participation levels. Efforts leading to greater operational efficiency in food preparation in schools also will contribute toward expanding demand for food by making more nutritious meals available at the same or a lower price than the meals being provided presently. Each of these alternatives will provide incentives for increased pupil participation.

The Special Milk Program is available to approximately 80 percent of our elementary and high school pupils. However, there is need for expanding participation by schools, particularly those in distressed areas. Experimentation also is underway to enable more children in these

low-income areas to receive the benefits from the Special Milk Program.

Currently, needy families in approximately one-half of the Nation's counties are receiving food assistance through either the Direct Distribution or Food Stamp Programs. The Department of Agriculture has initiated research efforts to provide measures of the relative effectiveness of alternative methods for improving nutrition and expanding consumption by under-consumers of food. Further studies of food consumption and buying patterns of low income families will assist in formulating efforts that will maximize benefits attainable through such diet supplementation activities.

SELECTED NEW PUBLICATIONS

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2. "Bibliography of Frozen Foods," by Herbert P. Stutts, U. S. Dept. Agr., Econ. Res. Ser., Misc. Pub. 868, July 1961.
3. "Compilation of Statutes - Relating to Research, Statistics, and Reports Service and Regulatory Work, and Food Distribution as of January 1, 1961," U. S. Dept. Agr., Agr. Handbook 201, Sept. 1961.
4. "Consumption of Food in the United States, 1909-52," U. S. Dept. Agr., Econ. Res. Ser., Supplement for 1960 to Agr. Handbook 62, Aug. 1961.
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6. "Costs and Efficiency in Turkey Processing Plants," by George B. Rogers and Earl H. Rinear, U. S. Dept. Agr., ERS-26, Aug. 1961.
7. "Developments in Marketing Spreads for Agricultural Products in 1960," [Statement Before the Subcommittee of the Committee on Appropriations, House of Representatives, Eighty-Seventh Congress, First Session], U. S. Dept. Agr., ERS-14 (1961), July 1961.
8. "Fats Added to Feeds: An Economic Analysis," by Harry O. Doty, Jr., U. S. Dept. Agr., Econ. Res. Ser., Mktg. Res. Rpt. 498, Sept. 1961.
9. "Grain Transportation in the North Central Region," by Robert C. Haldeman, Robert M. Bennett, Joseph R. Corley, Ralph O. Foster, and John H. Hunter, Jr., U. S. Dept. Agr., Mktg. Res. Rpt. 490, July 1961.
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12. "Reporting Shell Egg Movements into Retail Channels in the Four West Coast Cities," by John R. Pedersen and William L. Mitchell, U. S. Dept. Agr., Econ. Res. Ser., ERS-30, Sept. 1961.
13. "Research to Improve Reporting on Eggs Moving into Commercial Trade Channels," by Fred L. Faber and John R. Pedersen, U. S. Dept. Agr., ERS-11, August 1961.
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15. "Transportation of Agricultural Commodities in the United States -- A Bibliography of Selected References 1949-1959," by Nellie G. Larson, Library and C. P. Schumaier, Econ. Res. Ser., U. S. Dept. Agr., Misc. Pub. 863, June 1961.
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17. "Wool Classification Service and Prices to Producers," by L. D. Howell and William A. Faught, U. S. Dept. Agr., Mktg. Econ. Res., Tech. Bul. 1247, July 1961.
18. "Wool Producing Areas in Twelve Western States," by A. D. Jones and H. R. Stucky, N. Mex., Agr. Expt. Sta., Bul. 456, May 1961. (Western States Agr. Expt. Stas. and AMS cooperating.)

Publications issued by State Agricultural Experiment
Stations may be obtained from the issuing Station.

Table 11.- Farm food products: Retail cost and farm value, July-September 1961, April-June 1961, July-September 1960, and 1947-49 average ^{1/}

| Product ^{2/} | Retail unit | Retail cost | | | | | | Net farm value ^{3/} | | | | | |
|------------------------------------|---------------------------------------|-----------------|----------------|-----------------|-----------------|--|--|------------------------------|----------------|-----------------|-----------------|--|--|
| | | July-Sept. 1961 | Apr.-June 1961 | July-Sept. 1960 | 1947-49 average | Percentage change from July-Sept. 1961 | Percentage change from July-Sept. 1960 | July-Sept. 1961 | Apr.-June 1961 | July-Sept. 1960 | 1947-49 average | Percentage change from July-Sept. 1961 | Percentage change from July-Sept. 1960 |
| | | Dollars | Dollars | Dollars | Dollars | Percent | Percent | Dollars | Dollars | Dollars | Dollars | Percent | Percent |
| | | | | | | | | | | | | | |
| Market basket ^{5/}) | (| 1,061.14 | 1,062.43 | 4/1,058.47 | 940.09 | 6/ | 6/ | 400.57 | 4/399.13 | 4/402.83 | 466.02 | 6/ | -1 |
| Meat products | (| 273.91 | 276.22 | 4/280.46 | 256.08 | -1 | -2 | 138.94 | 4/134.79 | 4/141.26 | 170.90 | 3 | -2 |
| Dairy products | (| 201.67 | 200.38 | 199.38 | 169.28 | 1 | 1 | 89.14 | 4/87.39 | 4/88.38 | 91.66 | 2 | 1 |
| Poultry and eggs | Average quantities purchased (| 84.33 | 82.96 | 89.68 | 117.01 | 2 | -6 | 49.56 | 4/48.83 | 4/55.05 | 80.69 | 1 | -10 |
| Bakery and cereal products | per urban wage-earner and clerical- (| 167.43 | 167.73 | 165.48 | 121.96 | 6/ | 1 | 30.25 | 4/29.59 | 4/28.11 | 34.97 | 2 | 8 |
| All ingredients | family worker (| --- | --- | --- | --- | --- | --- | 22.47 | 4/21.33 | 4/20.88 | 24.96 | 5 | 8 |
| Grain | in 1952 (| 244.78 | 246.35 | 238.57 | 184.68 | -1 | 3 | 72.60 | 4/76.21 | 4/71.29 | 60.93 | -5 | 2 |
| All fruits and vegetables | (| 147.07 | 148.19 | 144.78 | 103.91 | -1 | 2 | 49.86 | 4/53.87 | 4/52.22 | 42.91 | -7 | -5 |
| Fresh fruits and vegetables .. | (| 67.69 | 70.99 | 68.59 | 53.17 | -5 | -1 | 21.48 | 22.24 | 4/22.72 | 22.97 | -3 | -5 |
| Fresh vegetables | (| 97.71 | 98.16 | 93.80 | --- | 6/ | 4 | 22.73 | 22.34 | 4/19.08 | --- | 2 | 19 |
| Processed fruits and vegetables .. | (| 44.09 | 43.82 | 40.73 | 52.21 | 1 | 8 | 12.74 | 4/15.05 | 4/11.38 | 19.84 | -15 | 12 |
| Fats and oils | (| 44.92 | 44.97 | 44.16 | 38.87 | 6/ | 2 | 7.34 | 7.27 | 4/7.35 | 7.03 | 1 | 6/ |
| Miscellaneous products | (| | | | | | | | | | | | |
| | | Cents | Cents | Cents | Cents | Percent | Percent | Cents | Cents | Cents | Cents | Percent | Percent |
| Beef (Choice grade) | Pound | 76.9 | 79.1 | 4/80.6 | 68.5 | -3 | -5 | 42.2 | 42.4 | 4/45.6 | 48.5 | 6/ | -7 |
| Lamb (Choice grade) | Pound | 65.2 | 64.6 | 69.0 | 63.9 | 1 | -6 | 31.8 | 31.1 | 4/35.2 | 44.2 | 2 | -10 |
| Pork (retail cuts) | Pound | 60.1 | 58.3 | 4/59.2 | 59.4 | 3 | 2 | 33.2 | 30.3 | 30.8 | 39.7 | 10 | 8 |
| Butter | Pound | 76.3 | 76.3 | 74.4 | 79.4 | 0 | 3 | 53.5 | 4/53.4 | 4/52.9 | 59.3 | 6/ | 1 |
| Cheese, American process | 1/2 Pound | 36.2 | 36.4 | 34.0 | 29.8 | -1 | 6 | 15.0 | 15.0 | 14.5 | 16.0 | 0 | 3 |
| Ice cream | 1/2 Gallon | 86.2 | 86.6 | 86.4 | --- | 6/ | 6/ | 23.2 | 4/23.1 | 4/22.5 | --- | 6/ | 3 |
| Milk, evaporated | 14 1/2 ounce can | 15.9 | 15.9 | 15.8 | 13.7 | 0 | 1 | 6.4 | 6.6 | 6.3 | 7.1 | -3 | 2 |
| Milk, fluid | Quart | 25.4 | 25.1 | 25.4 | 20.1 | 1 | 0 | 10.9 | 10.5 | 10.9 | 10.6 | 4 | 0 |
| Chickens, frying, ready-to-cook | Pound | 36.7 | 38.9 | 43.0 | --- | -6 | -15 | 17.0 | 19.3 | 4/22.8 | --- | -12 | -25 |
| Eggs | Dozen | 54.0 | 50.6 | 53.8 | 66.7 | 7 | 5/ | 35.9 | 4/33.1 | 4/36.3 | 48.0 | 8 | -1 |
| Bread, white | | | | | | | | | | | | | |
| All ingredients | Pound | 20.9 | 20.9 | 20.5 | 13.5 | 0 | 2 | 3.0 | 2.9 | 2.8 | 3.3 | 3 | 7 |
| Wheat | Pound | --- | --- | --- | --- | --- | --- | 2.4 | 2.3 | 2.3 | 2.7 | 4 | 4 |
| Crackers, soda | Pound | 29.1 | 29.1 | 29.0 | --- | 0 | 6/ | 3.8 | 3.6 | 3.6 | --- | 6 | 6 |
| Corn flakes | 12 ounces | 26.7 | 26.1 | 25.8 | 17.1 | 2 | 3 | 2.6 | 2.5 | 2.4 | 3.2 | 4 | 8 |
| Corn meal | Pound | 13.3 | 13.2 | 13.1 | 11.8 | 1 | 2 | 2.7 | 2.6 | 2.4 | 3.6 | 4 | 13 |
| Flour, white | 5 pounds | 55.9 | 56.3 | 55.6 | 48.4 | -1 | 1 | 19.0 | 18.0 | 4/17.7 | 21.0 | 6 | 7 |
| Rolled oats | 18 ounces | 22.5 | 22.4 | 22.1 | 14.5 | 6/ | 2 | 3.9 | 3.7 | 3.6 | 4.9 | 5 | 8 |
| Apples | Pound | 20.6 | 19.6 | 8/19.0 | 11.9 | 5 | 8 | 5.7 | 4/7.6 | 4/8.5.7 | 4.4 | -25 | 0 |
| Grapefruit | Each | 15.4 | 12.0 | 16.2 | 8.5 | 28 | -5 | 3.5 | 1.7 | 3.4 | 1.4 | 106 | 3 |
| Lemons | Pound | 18.8 | 19.9 | 18.9 | 17.7 | -6 | -1 | 4.7 | 4.9 | 5.6 | 5.7 | -4 | -16 |
| Oranges | Dozen | 81.7 | 78.6 | 81.6 | 46.6 | 4 | 6/ | 27.6 | 28.5 | 32.0 | 12.6 | -3 | -14 |
| Beans, green | Pound | 20.9 | 25.3 | 20.4 | 21.1 | -17 | 2 | 9.2 | 10.1 | 9.2 | 9.3 | -9 | 0 |
| Cabbage | Pound | 8.9 | 9.3 | 8.4 | 6.9 | -4 | 6 | 2.7 | 2.4 | 2.3 | 1.9 | 13 | 17 |
| Carrots | Pound | 15.9 | 16.7 | 15.4 | 11.1 | -5 | 3 | 4.2 | 5.2 | 4.9 | 4.0 | -19 | -14 |
| Celery | Pound | 13.3 | 13.1 | 14.1 | --- | 2 | -6 | 4.0 | 3.8 | 4.7 | --- | 5 | -15 |
| Lettuce | Head | 16.6 | 16.1 | 17.3 | 14.5 | 3 | -4 | 5.6 | 4.6 | 5.0 | 6.3 | 22 | 12 |
| Onions | Pound | 11.6 | 10.3 | 9.9 | 8.4 | 13 | 17 | 3.9 | 3.8 | 2.9 | 3.7 | 3 | 34 |
| Potatoes | 10 pounds | 64.0 | 66.2 | 71.4 | 51.9 | -3 | -10 | 17.5 | 18.5 | 4/23.3 | 25.6 | -5 | -25 |
| Sweetpotatoes | Pound | 8/18.2 | 17.4 | 8/15.8 | 11.6 | 5 | 15 | 8/5.0 | 7.4 | 8/4.1 | 4.8 | -32 | 22 |
| Tomatoes | Pound | 25.7 | 31.9 | 23.7 | --- | -19 | 8 | 9.6 | 10.2 | 9.0 | --- | -6 | 7 |
| Orange juice, canned | 46 ounce can | 48.7 | 48.7 | 42.5 | --- | 0 | 15 | 19.3 | 19.2 | 13.2 | --- | 1 | 46 |
| Peaches, canned | No. 2-1/2 can | 33.1 | 33.6 | 33.7 | 31.5 | -1 | -2 | 6.0 | 5.3 | 5.4 | 5.3 | 13 | 11 |
| Beans with pork, canned | 16 ounce can | 14.9 | 14.9 | 14.8 | --- | 0 | 1 | 2.1 | 2.1 | 1.9 | --- | 0 | 11 |
| Corn, canned | No. 303 can | 21.0 | 20.7 | 19.3 | 16.7 | 1 | 9 | 2.4 | 2.3 | 2.3 | 2.7 | 4 | 4 |
| Peas, canned | No. 303 can | 22.1 | 22.0 | 21.0 | 21.4 | 6/ | 5 | 3.0 | 3.0 | 3.0 | 3.0 | 0 | 0 |
| Tomatoes, canned | No. 303 can | 15.9 | 16.1 | 16.1 | 14.2 | -1 | -1 | 2.4 | 2.4 | 2.3 | 2.6 | 0 | 4 |
| Orange juice concentrate, frozen | 6 ounce can | 24.3 | 25.2 | 22.1 | --- | -4 | 10 | 11.8 | 11.5 | 8.6 | --- | 3 | 37 |
| Strawberries, frozen | 10 ounces | 27.0 | 26.9 | 26.7 | --- | 6/ | 1 | 6.4 | 7.1 | 7.1 | --- | -10 | -10 |
| Beans, green, frozen | 9 ounces | 22.9 | 23.1 | 23.0 | --- | -1 | 6/ | 4.5 | 4.5 | 4.4 | --- | 0 | 2 |
| Peas, frozen | 10 ounces | 20.3 | 21.0 | 20.0 | --- | -3 | 2 | 3.0 | 2.9 | 3.1 | --- | 3 | -3 |
| Dried beans (navy) | Pound | 17.0 | 16.8 | 16.5 | 19.9 | 1 | 3 | 6.0 | 6.0 | 5.4 | 9.7 | 0 | 11 |
| Dried prunes | Pound | 41.8 | 41.6 | 39.6 | 23.1 | 6/ | 6 | 18.7 | 18.7 | 4/17.4 | 8.8 | 0 | 7 |
| Margarine, colored | Pound | 29.2 | 28.8 | 26.8 | 39.7 | 1 | 9 | 8.5 | 10.3 | 7.2 | 12.2 | -17 | 18 |
| Peanut butter | Pound | 55.7 | 55.9 | 55.6 | --- | 6/ | 6/ | 18.4 | 19.5 | 17.4 | --- | -6 | 6 |
| Salad dressing | Pint | 38.0 | 37.2 | 36.0 | 37.8 | 2 | 6 | 7.3 | 8.1 | 6.3 | 10.0 | -10 | 16 |
| Vegetable shortening | 3 pounds | 92.3 | 91.3 | 81.7 | 105.6 | 1 | 13 | 30.0 | 36.2 | 4/25.0 | 46.2 | -17 | 20 |
| Corn sirup | 24 ounces | 27.0 | 27.0 | 26.7 | --- | 0 | 1 | 2.8 | 2.7 | 3.0 | --- | 4 | -7 |
| Sugar | 5 pounds | 58.6 | 59.2 | 58.4 | 48.4 | -1 | 6/ | 20.7 | 20.7 | 20.7 | 19.4 | 0 | 0 |

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

^{4/} Most retail cost figures for April-June 1961 have been revised; figures in other columns revised as indicated.

^{5/} Sum of product groups may differ slightly from market-basket total because of rounding of averages.

^{6/} Less than 0.5 percent.

^{7/} Farm value of cream and milk only.

^{8/} 2-month average.

Table 12 - Farm food products: Farm-retail spread and farmer's share of the retail cost, July-September 1961, April-June 1961, July-September 1960, and 1947-49 average ^{1/}

| Product 2/ | Retail unit | Farm-retail spread 3/ | | | | Farmer's share | | | | | |
|-----------------------------------|----------------------|-----------------------|----------------|-----------------|-----------------|--------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | | July-Sept. 1961 | Apr.-June 1961 | July-Sept. 1960 | 1947-49 average | Percentage change from - | | July-Sept. 1961 | Apr.-June 1961 | July-Sept. 1960 | 1947-49 average |
| | | | | | | Apr.-June 1961 | July-Sept. 1960 | | | | |
| | | Dollars | Dollars | Dollars | Dollars | Percent | Percent | Percent | Percent | Percent | Percent |
| Market basket 5/.....) | (| 660.57 | 663.30 | 4/655.64 | 474.07 | 6/ | 1 | 38 | 4/38 | 38 | 50 |
| Meat products | (| 134.97 | 141.43 | 4/139.20 | 85.18 | -5 | -3 | 51 | 49 | 4/50 | 67 |
| Dairy products | (| 112.53 | 112.99 | 4/111.00 | 77.62 | 6/ | 1 | 44 | 44 | 44 | 54 |
| Poultry and eggs | Average quantities (| 34.77 | 34.13 | 4/ 34.63 | 36.32 | 2 | 6/ | 59 | 59 | 61 | 69 |
| Bakery and cereal products |) purchased (| | | | | | | | | | |
| All ingredients |) per urban (| | | | | | | | | | |
| Grain | wage-earner (| 137.18 | 138.14 | 4/137.37 | 86.99 | -1 | 6/ | 18 | 18 | 17 | 29 |
| | and (| ----- | ----- | ----- | ----- | --- | --- | 13 | 13 | 13 | 20 |
| | clerical- (| | | | | | | | | | |
| All fruits and vegetables | worker (| 172.18 | 170.14 | 4/167.28 | 123.75 | 1 | 3 | 30 | 4/31 | 30 | 33 |
| Fresh fruits and vegetables: | family (| 97.21 | 94.32 | 4/ 92.56 | 61.00 | 3 | 5 | 34 | 36 | 4/36 | 41 |
| Fresh vegetables | in 1952 (| 46.21 | 48.75 | 4/ 45.87 | 30.20 | -5 | 1 | 32 | 31 | 4/33 | 43 |
| Processed fruits and |) | | | | | | | | | | |
| vegetables | (| 74.98 | 75.82 | 4/ 74.72 | — | -1 | 6/ | 23 | 23 | 20 | — |
| Fats and oils | (| 31.35 | 28.77 | 4/ 29.35 | 32.37 | 9 | 7 | 29 | 34 | 28 | 38 |
| Miscellaneous products | (| 37.58 | 37.70 | 4/ 36.81 | 31.84 | 6/ | 2 | 16 | 16 | 4/17 | 18 |
| | | Cents | Cents | Cents | Cents | Percent | Percent | Percent | Percent | Percent | Percent |
| Beef (Choice grade) | Pound | 34.7 | 36.7 | 4/35.0 | 20.0 | -5 | -1 | 55 | 4/54 | 4/57 | 71 |
| Lamb (Choice grade) | Pound | 33.4 | 33.5 | 4/33.8 | 19.7 | 6/ | -1 | 49 | 4/48 | 51 | 69 |
| Pork (retail cuts) | Pound | 26.9 | 28.0 | 4/28.4 | 19.7 | -4 | -5 | 55 | 52 | 52 | 67 |
| Butter | Pound | 22.8 | 22.9 | 4/21.5 | 20.1 | 6/ | 6 | 70 | 70 | 71 | 75 |
| Cheese, American process | 1/2 pound | 21.2 | 21.4 | 19.5 | 13.8 | -1 | 9 | 41 | 41 | 43 | 54 |
| Ice cream | 1/2 gallon | 63.0 | 63.5 | 63.9 | — | -1 | -1 | 27 | 4/27 | 26 | — |
| Milk, evaporated | 14 1/2 ounce can | 9.5 | 9.3 | 9.5 | 6.6 | 2 | 0 | 40 | 42 | 40 | 52 |
| Milk, fluid | Quart | 14.5 | 14.6 | 14.5 | 9.5 | -1 | 0 | 43 | 42 | 43 | 53 |
| Chickens, frying, ready-to-cook: | Pound | 19.7 | 19.6 | 4/20.2 | — | 1 | -2 | 46 | 4/50 | 4/53 | — |
| Eggs | Dozen | 18.1 | 17.5 | 4/17.5 | 18.7 | 3 | 3 | 66 | 4/65 | 67 | 72 |
| Bread, white | | | | | | | | | | | |
| All ingredients | Pound | 17.9 | 18.0 | 17.7 | 10.2 | -1 | 1 | 14 | 14 | 14 | 24 |
| Wheat | Pound | --- | --- | --- | --- | --- | --- | 11 | 11 | 11 | 20 |
| Crackers, soda | Pound | 25.3 | 25.5 | 25.4 | — | -1 | 6/ | 13 | 12 | 12 | — |
| Corn flakes | 12 ounces | 24.1 | 23.6 | 23.4 | 13.9 | 2 | 3 | 10 | 10 | 9 | 19 |
| Corn meal | Pound | 10.6 | 10.6 | 10.7 | 8.2 | 0 | -1 | 20 | 20 | 18 | 31 |
| Flour, white | 5 pounds | 36.9 | 38.3 | 4/37.9 | 27.4 | -4 | -3 | 34 | 32 | 32 | 43 |
| Polled oats | 18 ounces | 18.6 | 18.7 | 18.5 | 9.6 | -1 | 1 | 17 | 17 | 16 | 34 |
| Apples | Pound | 14.9 | 12.0 | 4/13.3 | 7.5 | 24 | 12 | 28 | 4/39 | 4/30 | 37 |
| Grapefruit | Each | 11.9 | 10.3 | 12.8 | 7.1 | 16 | -7 | 23 | 14 | 21 | 16 |
| Lemons | Pound | 14.1 | 15.0 | 13.3 | 12.0 | -6 | 6 | 25 | 25 | 30 | 32 |
| Oranges | Dozen | 54.1 | 50.1 | 49.6 | 34.0 | 8 | 9 | 34 | 36 | 39 | 27 |
| Beans, green | Pound | 11.7 | 15.2 | 11.2 | 11.8 | -23 | 4 | 44 | 4/40 | 45 | 44 |
| Cabbage | Pound | 6.2 | 6.9 | 6.1 | 5.0 | -10 | 2 | 30 | 4/26 | 27 | 28 |
| Carrots | Pound | 11.7 | 11.5 | 10.5 | 7.1 | 2 | 11 | 26 | 31 | 32 | 36 |
| Celery | Pound | 9.3 | 9.3 | 9.4 | — | 0 | -1 | 30 | 29 | 33 | — |
| Lettuce | Head | 11.0 | 11.5 | 12.3 | 8.2 | -4 | -11 | 34 | 29 | 29 | 43 |
| Onions | Pound | 7.7 | 6.5 | 7.0 | 4.7 | 18 | 10 | 34 | 37 | 29 | 44 |
| Potatoes | 10 pounds | 46.5 | 47.7 | 4/48.1 | 26.3 | -3 | -3 | 27 | 28 | 4/33 | 49 |
| Sweetpotatoes | Pound | 7/13.2 | 10.0 | 7/11.7 | 6.8 | 32 | 13 | 7/27 | 43 | 4/7/26 | 41 |
| Tomatoes | Pound | 16.1 | 21.7 | 14.7 | — | -26 | 10 | 37 | 4/32 | 38 | — |
| Orange juice, canned | 46 ounce can | 29.4 | 29.5 | 29.3 | — | 6/ | 6/ | 40 | 4/39 | 31 | — |
| Peaches, canned | No. 2-1/2 can | 27.1 | 28.3 | 28.3 | 26.2 | -4 | -4 | 18 | 16 | 16 | 17 |
| Beans with pork, canned | 16 ounce can | 12.8 | 12.8 | 12.9 | — | 0 | -1 | 14 | 14 | 13 | — |
| Corn, canned | No. 303 can | 18.6 | 18.4 | 17.0 | 14.0 | 1 | 9 | 11 | 11 | 12 | 16 |
| Peas, canned | No. 303 can | 19.1 | 19.0 | 18.0 | 18.4 | 1 | 6 | 14 | 14 | 14 | 14 |
| Tomatoes, canned | No. 303 can | 13.5 | 13.7 | 13.8 | 11.6 | -1 | -2 | 15 | 15 | 14 | 18 |
| Orange juice concentrate, frozen: | 6 ounce can | 12.5 | 13.7 | 13.5 | — | -9 | -7 | 49 | 46 | 39 | — |
| Strawberries, frozen | 10 ounces | 20.6 | 19.8 | 19.6 | — | 4 | 5 | 24 | 26 | 27 | — |
| Beans, green, frozen | 9 ounces | 18.4 | 18.6 | 18.6 | — | -1 | -1 | 20 | 4/19 | 19 | — |
| Peas, frozen | 10 ounces | 17.3 | 18.1 | 16.9 | — | -4 | 2 | 15 | 14 | 16 | — |
| Dried beans (navy) | Pound | 11.0 | 10.8 | 11.1 | 10.2 | 2 | -1 | 35 | 36 | 33 | 49 |
| Dried prunes | Pound | 23.1 | 22.9 | 4/22.2 | 14.3 | 1 | 4 | 45 | 45 | 4/44 | 38 |
| Margarine, colored | Pound | 20.7 | 18.5 | 19.6 | 27.5 | 12 | 6 | 29 | 36 | 27 | 31 |
| Peanut butter | Pound | 37.3 | 36.4 | 38.2 | — | 2 | -2 | 33 | 35 | 31 | — |
| Salad dressing | Pint | 30.7 | 29.1 | 29.7 | 27.8 | 5 | 3 | 19 | 22 | 18 | 26 |
| Vegetable shortening | 3 pounds | 62.3 | 55.1 | 4/56.7 | 59.4 | 13 | 10 | 33 | 40 | 31 | 44 |
| Corn sirup | 24 ounces | 24.2 | 24.3 | 23.7 | — | 6/ | 2 | 10 | 10 | 11 | — |
| Sugar | 5 pounds | 37.9 | 38.5 | 37.7 | 29.0 | -2 | 1 | 35 | 35 | 35 | 40 |

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} The farm-retail spread is the difference between the retail cost and the net farm value, table on opposite page.

^{4/} Most farm-retail spread figures for April-June 1961 have been revised; figures in other columns revised as indicated.

^{5/} Sum of product groups may differ slightly from market-basket total because of rounding of averages.

^{6/} Less than 0.5 percent.

^{7/} 2-month average.

Table 13.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, July-September, 1961 ^{1/}

| Product ^{2/} | Farm equivalent | Retail unit | Retail cost | Gross farm value | Byproduct allowance | Net farm value | Farm-retail spread | Farmer's share |
|---------------------------------------|--|---|-------------|------------------|---------------------|----------------|--------------------|----------------|
| | | | Dollars | Dollars | Dollars | Dollars | Dollars | Percent |
| Market basket ^{3/} | | | 1,061.14 | --- | --- | 400.57 | 660.57 | 38 |
| Meat products | | | 273.91 | --- | --- | 138.94 | 134.97 | 51 |
| Dairy products | | | 201.67 | --- | --- | 89.14 | 112.53 | 44 |
| Poultry and eggs | | Average quantities purchased per urban wage-earner and clerical-worker family in 1952 | 84.33 | --- | --- | 49.56 | 34.77 | 59 |
| Bakery and cereal products | Farm produce equivalent to products bought by urban families | | 167.43 | --- | --- | 30.25 | 137.18 | 18 |
| All ingredients | | | --- | 25.11 | 2.64 | 22.47 | --- | 13 |
| Grain | | | --- | --- | --- | --- | --- | --- |
| All fruits and vegetables | | | 244.78 | --- | --- | 72.60 | 172.18 | 30 |
| Fresh fruits and vegetables | | | 147.07 | --- | --- | 49.86 | 97.21 | 34 |
| Fresh vegetables | | | 67.69 | --- | --- | 21.48 | 46.21 | 32 |
| Processed fruits and vegetables | | | 97.71 | --- | --- | 22.73 | 74.98 | 23 |
| Fats and oils | | | 44.09 | --- | --- | 12.74 | 31.35 | 29 |
| Miscellaneous products | | | 44.92 | --- | --- | 7.34 | 37.58 | 16 |
| | | | Cents | Cents | Cents | Cents | Cents | Percent |
| Beef (Choice grade) | 2.16 lb. Choice grade cattle | Pound | 76.9 | 46.9 | 4.7 | 42.2 | 34.7 | 55 |
| Lamb (Choice grade) | 2.33 lb. lamb | Pound | 65.2 | 37.0 | 5.2 | 31.8 | 33.4 | 49 |
| Pork (retail cuts) | 2.13 lb. hogs | Pound | 60.1 | 38.1 | 4.9 | 33.2 | 26.9 | 55 |
| Butter | Cream and whole milk | Pound | 76.3 | --- | --- | 53.5 | 22.8 | 70 |
| Cheese, American process | Milk for American cheese | 1/2 Pound | 36.2 | --- | --- | 15.0 | 21.2 | 41 |
| Ice cream | Cream and milk | 1/2 Gallon | 86.2 | --- | --- | 4/23.2 | 63.0 | 27 |
| Milk, evaporated | Milk for evaporating | 14-1/2 ounce can | 15.9 | --- | --- | 6.4 | 9.5 | 40 |
| Milk, fluid | Wholesale fluid milk | Quart | 25.4 | --- | --- | 10.9 | 14.5 | 43 |
| Chickens, frying, ready-to-cook | 1.37 lb. broilers | Pound | 36.7 | --- | --- | 17.0 | 19.7 | 46 |
| Eggs | 1.03 doz. | Dozen | 54.0 | --- | --- | 35.9 | 18.1 | 66 |
| Bread, white | | | | | | | | |
| All ingredients | Wheat and other ingredients | Pound | 20.9 | --- | --- | 3.0 | 17.9 | 14 |
| Wheat | .894 lb. wheat | Pound | --- | 2.7 | .3 | 2.4 | --- | 11 |
| Crackers, soda | 1.40 lb. wheat | Pound | 29.1 | 4.2 | .4 | 3.8 | 25.3 | 13 |
| Corn flakes | 1.57 lb. white corn | 12 ounces | 26.7 | 3.5 | .9 | 2.6 | 24.1 | 10 |
| Corn meal | 1.34 lb. white corn | Pound | 13.3 | 2.9 | .2 | 2.7 | 10.6 | 20 |
| Flour, white | 7.0 lb. wheat | 5 pounds | 55.9 | 21.0 | 2.0 | 19.0 | 36.9 | 34 |
| Rolled oats | 2.31 lb. oats | 18 ounces | 22.5 | 4.5 | .6 | 3.9 | 18.6 | 17 |
| Apples | 1.08 lb. apples | Pound | 20.6 | --- | --- | 5.7 | 14.9 | 28 |
| Grapefruit | 1.04 grapefruit | Each | 15.4 | --- | --- | 3.5 | 11.9 | 23 |
| Lemons | 1.04 lb. lemons | Pound | 18.8 | --- | --- | 4.7 | 14.1 | 25 |
| Oranges | 1.04 doz. oranges | Dozen | 81.7 | --- | --- | 27.6 | 54.1 | 34 |
| Beans, green | 1.09 lb. snap beans | Pound | 20.9 | --- | --- | 9.2 | 11.7 | 44 |
| Cabbage | 1.10 lb. cabbage | Pound | 8.9 | --- | --- | 2.7 | 6.2 | 30 |
| Carrots | 1.06 lb. carrots | Pound | 15.9 | --- | --- | 4.2 | 11.7 | 26 |
| Celery | 1.11 lb. celery | Pound | 13.3 | --- | --- | 4.0 | 9.3 | 30 |
| Lettuce | 1.41 lb. lettuce | Head | 16.6 | --- | --- | 5.6 | 11.0 | 34 |
| Onions | 1.06 lb. onions | Pound | 11.6 | --- | --- | 3.9 | 7.7 | 34 |
| Potatoes | 10.42 lb. potatoes | 10 pounds | 64.0 | --- | --- | 17.5 | 46.5 | 27 |
| Sweetpotatoes ^{5/} | 1.12 lb. sweetpotatoes | Pound | 18.2 | --- | --- | 5.0 | 13.2 | 27 |
| Tomatoes | 1.13 lb. tomatoes | Pound | 25.7 | --- | --- | 9.6 | 16.1 | 37 |
| Orange juice, canned | 5.83 lb. Fla. oranges for canning | 46 ounce can | 48.7 | --- | --- | 19.3 | 29.4 | 40 |
| Peaches, canned | 1.89 lb. Calif. cling | No. 2-1/2 can | 33.1 | --- | --- | 6.0 | 27.1 | 18 |
| Beans with pork, canned | .35 lb. Mich. dry beans | 16 ounce can | 14.9 | --- | --- | 2.1 | 12.8 | 14 |
| Corn, canned | 2.49 lb. sweet corn | No. 303 can | 21.0 | --- | --- | 2.4 | 18.6 | 11 |
| Peas, canned | .69 lb. peas for canning | No. 303 can | 22.1 | --- | --- | 3.0 | 19.1 | 14 |
| Tomatoes, canned | 1.34 lb. tomatoes for processing | No. 303 can | 15.9 | --- | --- | 2.4 | 13.5 | 15 |
| Orange juice concentrate, frozen | 3.05 lb. Fla. oranges for frozen concentrated juice | 6 ounce can | 24.3 | --- | --- | 11.8 | 12.5 | 49 |
| Strawberries, frozen | .51 lb. strawberries for processing | 10 ounces | 27.0 | --- | --- | 6.4 | 20.6 | 24 |
| Beans, green, frozen | .71 lb. beans for processing | 9 ounces | 22.9 | --- | --- | 4.5 | 18.4 | 20 |
| Peas, frozen | .70 lb. peas for freezing | 10 ounces | 20.3 | --- | --- | 3.0 | 17.3 | 15 |
| Dried beans (nevy) | 1.00 lb. Mich. dry beans | Pound | 17.0 | --- | --- | 6.0 | 11.0 | 35 |
| Dried prunes | .97 lb. dried prunes | Pound | 41.8 | --- | --- | 18.7 | 23.1 | 45 |
| Margarine, colored | Soybeans, cottonseed, and milk | | | | | | | |
| Peanut butter | 1.77 lb. peanuts | Pound | 29.2 | --- | --- | 8.5 | 20.7 | 29 |
| Salad dressing | Cottonseed, soybeans, sugar, and eggs | Pint | 55.7 | --- | --- | 18.4 | 37.3 | 33 |
| Vegetable shortening | Soybeans and cottonseed | 3 pounds | 38.0 | --- | --- | 7.3 | 30.7 | 19 |
| Corn sirup | 1.90 lb. corn | 24 ounces | 92.3 | --- | --- | 30.0 | 62.3 | 33 |
| Sugar | 37.03 lb. sugar beets | 5 pounds | 27.0 | 3.5 | .7 | 2.8 | 24.2 | 10 |
| | | | 58.6 | 21.8 | 1.1 | 6/20.7 | 6/37.9 | 6/35 |

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ from sum of product group totals because of rounding of averages.

^{4/} Includes farm value of cream and milk only.

^{5/} 2-month average.

^{6/} Net farm value adjusted for Government payments to producers was 25.1 cents, farm-retail spread adjusted for Government processor tax was 35.2 cents, and farmer's share of retail cost based on adjusted farm value was 43 percent.

Table 14.--Apples: Retail price, farm value, farm-retail spread, and farmer's share of retail prices, 1935-61

(Revision of table 75 of Farm-Retail Spreads for Food Products, U.S. Dept. of Agr. Misc. Pub. 741 and of table 75 of the Supplement for 1956-60 to Misc. Pub. 741. Estimates of prices received by farmers for apples were revised in 1959 because of changes in the point in the marketing process at which apples are priced in some States. Revisions were made in 1961 because of changes in estimates for some States to put them on a 48-pound bushel basis.)

| Year and quarter | Retail price per pound | Farm value 1/ | Farm-retail spread | Farmer's share | Year and quarter | Retail price per pound | Farm value 1/ | Farm-retail spread | Farmer's share |
|------------------|------------------------|---------------|--------------------|----------------|------------------|------------------------|---------------|--------------------|----------------|
| | Cents | Cents | Cents | Percent | | Cents | Cents | Cents | Percent |
| 1935 | 5.7 | 1.6 | 4.1 | 28 | 1952 | | | | |
| 1936 | 5.6 | 1.8 | 3.8 | 32 | Jan.-Mar. | 11.7 | 4.7 | 7.0 | 40 |
| 1937 | 5.9 | 2.0 | 3.9 | 34 | Apr.-June | 16.9 | 6.0 | 10.9 | 36 |
| 1938 | 4.6 | 1.3 | 3.3 | 28 | July-Sept. | 16.3 | 5.4 | 10.9 | 33 |
| 1939 | 4.7 | 1.5 | 3.2 | 32 | Oct.-Dec. | 13.7 | 5.8 | 7.9 | 42 |
| 1940 | 5.0 | 1.6 | 3.4 | 32 | | | | | |
| 1941 | 5.2 | 1.8 | 3.4 | 35 | 1953 | | | | |
| 1942 | 6.6 | 2.6 | 4.0 | 39 | Jan.-Mar. | 14.9 | 6.2 | 8.7 | 42 |
| 1943 | 10.4 | 4.7 | 5.7 | 45 | Apr.-June | 17.7 | 6.5 | 11.2 | 37 |
| 1944 | 10.8 | 5.4 | 5.4 | 50 | July-Sept. | 16.7 | 6.0 | 10.7 | 36 |
| 1945 | 12.1 | 5.7 | 6.4 | 47 | Oct.-Dec. | 13.5 | 5.9 | 7.6 | 44 |
| 1946 | 12.9 | 6.1 | 6.8 | 47 | | | | | |
| 1947 | 12.3 | 5.0 | 7.3 | 41 | 1954 | | | | |
| 1948 | 11.4 | 3.9 | 7.5 | 34 | Jan.-Mar. | 14.7 | 5.9 | 8.8 | 40 |
| 1949 | 12.1 | 4.2 | 7.9 | 35 | Apr.-June | 17.1 | 5.9 | 11.2 | 35 |
| 1950 | 11.6 | 4.0 | 7.6 | 34 | July-Sept. | 16.3 | 5.4 | 10.9 | 33 |
| 1951 | 10.7 | 3.6 | 7.1 | 34 | Oct.-Dec. | 13.2 | 5.5 | 7.7 | 42 |
| 1952 | 14.7 | 5.5 | 9.2 | 37 | | | | | |
| 1953 | 15.7 | 6.2 | 9.5 | 39 | 1955 | | | | |
| 1954 | 15.3 | 5.7 | 9.6 | 37 | Jan.-Mar. | 14.1 | 5.4 | 8.7 | 38 |
| 1955 | 15.1 | 5.3 | 9.8 | 35 | Apr.-June | 17.1 | 5.8 | 11.3 | 34 |
| 1956 | 15.1 | 5.0 | 10.1 | 33 | July-Sept. | 17.0 | 5.2 | 11.8 | 31 |
| 1957 2/ | 16.4 | 5.5 | 10.9 | 34 | Oct.-Dec. | 12.4 | 4.5 | 7.9 | 36 |
| 1958 3/ | 14.7 | 4.1 | 10.6 | 28 | | | | | |
| 1959 | 14.2 | 4.2 | 10.0 | 30 | 1956 | | | | |
| 1960 2/ | 16.2 | 5.7 | 10.5 | 35 | Jan.-Mar. | 13.6 | 4.3 | 9.3 | 32 |
| | | | | | Apr.-June | 16.6 | 4.5 | 12.1 | 27 |
| 1947 | | | | | July-Sept. | 16.6 | 5.4 | 11.2 | 33 |
| Jan.-Mar. | 12.5 | 5.6 | 6.9 | 45 | Oct.-Dec. | 13.7 | 5.7 | 8.0 | 42 |
| Apr.-June | 14.4 | 5.8 | 8.6 | 40 | | | | | |
| July-Sept. | 11.6 | 4.4 | 7.2 | 38 | 1957 | | | | |
| Oct.-Dec. | 10.9 | 4.2 | 6.7 | 39 | Jan.-Mar. | 15.3 | 6.0 | 9.3 | 39 |
| | | | | | Apr.-June | 20.1 | 6.8 | 13.3 | 34 |
| 1948 | | | | | July-Sept. | 18.6 | 5.4 | 13.2 | 29 |
| Jan.-Mar. | 10.6 | 3.1 | 7.5 | 29 | Oct.-Dec. | 12.4 | 3.9 | 8.5 | 31 |
| Apr.-June | 11.8 | 3.2 | 8.6 | 27 | | | | | |
| July-Sept. | 11.8 | 4.5 | 7.3 | 38 | 1958 | | | | |
| Oct.-Dec. | 11.5 | 4.8 | 6.7 | 42 | Jan.-Mar. | 13.5 | 3.4 | 10.1 | 25 |
| | | | | | Apr.-June | 18.5 | 4.8 | 13.7 | 26 |
| 1949 | | | | | July-Sept. 5/ | --- | --- | --- | --- |
| Jan.-Mar. | 13.8 | 5.6 | 8.2 | 41 | Oct.-Dec. | 12.1 | 3.9 | 8.2 | 32 |
| Apr.-June | 15.5 | 4.7 | 10.8 | 30 | | | | | |
| July-Sept. | 10.5 | 3.8 | 6.7 | 36 | 1959 | | | | |
| Oct.-Dec. | 8.5 | 2.7 | 5.8 | 32 | Jan.-Mar. | 13.3 | 4.2 | 9.1 | 32 |
| | | | | | Apr.-June | 15.6 | 3.7 | 11.9 | 24 |
| 1950 | | | | | July-Sept. | 15.4 | 4.1 | 11.3 | 27 |
| Jan.-Mar. | 9.6 | 3.2 | 6.4 | 33 | Oct.-Dec. | 12.6 | 4.7 | 7.9 | 37 |
| Apr.-June | 13.2 | 4.4 | 8.8 | 33 | | | | | |
| July-Sept. | 13.7 | 4.8 | 8.9 | 35 | 1960 | | | | |
| Oct.-Dec. | 9.7 | 3.7 | 6.0 | 38 | Jan.-Mar. | 14.1 | 5.1 | 9.0 | 36 |
| | | | | | Apr.-June | 18.4 | 6.0 | 12.4 | 33 |
| 1951 | | | | | July-Sept. | 19.0 | 5.7 | 13.3 | 30 |
| Jan.-Mar. | 10.6 | 3.2 | 7.4 | 30 | Oct.-Dec. | 14.2 | 5.8 | 8.4 | 41 |
| Apr.-June | 11.1 | 2.7 | 8.4 | 24 | | | | | |
| July-Sept. | 11.3 | 4.1 | 7.2 | 36 | 1961 | | | | |
| Oct.-Dec. | 9.8 | 4.2 | 5.6 | 43 | Jan.-Mar. | 15.8 | 6.3 | 9.5 | 40 |
| | | | | | Apr.-June | 19.6 | 7.6 | 12.0 | 39 |
| | | | | | July-Sept. | | | | |
| | | | | | Oct.-Dec. | | | | |

1/ Payment to farmer for 1.08 pounds of apples. 2/ 11-month average. 3/ 10-month average. 4/ 2-month average. 5/ Insufficient data.

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